Opportunities for Progress

Annual Report 2010

For the Year Ended March 31, 2010

ANA

A STAR ALLIANCE MEMBER

Opportunities for Progress

In the more than 50 years since its founding in 1952, All Nippon Airways Co., Ltd. (ANA), has provided air transportation services, with the highest priority on safe operations. ANA is proud of the high level of trust that customers have placed in the Company. As a result of that trust, ANA has grown into a world-class airline, with more than 44 million passengers a year.

The ANA Group's operating environment is changing significantly, with the expansion of airports in the Tokyo area and intensifying global competition. We intend to continue making progress in offering ANA's value to customers worldwide as we work to achieve our corporate vision of becoming Asia's Number One Airline Group.

Editorial Policy

The ANA Group aims to earn trust and provide peace of mind through communication with its stakeholders, thus increasing corporate value. To date, our annual reports have presented the state of our operations, including management strategies and an overview of our businesses. From Annual Report 2010, we have also incorporated our CSR Report, in order to provide a wide-ranging overview of our corporate social responsibility activities.

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

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

Forward-Looking Statements

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

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

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

Contents

ANA Snapshot

As of March 31, 2010

Targeted Form of the ANA Group

In the fiscal year ended March 2010, the ANA Group revised its management vision, maintaining its target of becoming Asia's Number One Airline Group while clearly orienting its businesses toward global growth and delivering the value of ANA to customers around the world.

ANA Group Corporate Philosophy

Our Commitments

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

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

ANA Group Safety Principles

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

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

Safety is enhanced through individual performance and dedication.

ANA Group Corporate Vision

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

Being the leader in Asia means that we will become

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

Position of the ANA Group

The ANA Group has the largest route network in Japan, and is one of Japan's largest airlines in terms of domestic passengers. Its international route network provides balanced coverage of Asia, Europe and North America, making it a major airline group on a global scale as well.

Domestic Revenue Passengers

7th

For the fiscal year ended March 2010, the ANA Group ranked seventh among the world's airlines and first in Japan in terms of domestic revenue passengers, and twelfth among the world's airlines in terms of total revenue passengers.

Source: International Air Transport Association (IATA)

Share of Domestic Revenue Passengers

47.6%

The ANA Group has the largest domestic route network among Japanese airlines, and has continued to steadily increase its share of domestic revenue passengers in a challenging operating environment to 47.6 percent for the fiscal year ended March 2010.

Source: Ministry of Land, Infrastructure, Transport and Tourism

Flights per Day

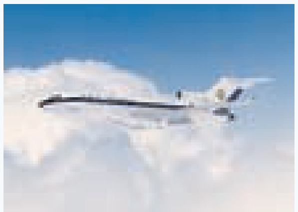
1,054

The ANA Group is working to expand its network while adjusting capacity to demand, and offers 945 flights per day on domestic routes and 109 flights per day on overseas routes (totals of passenger and cargo flights as of July 1, 2010).

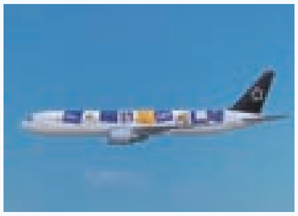
The History of the ANA Group

ANA was established in 1952 with the goal of restoring regular air transportation services in Japan that were disrupted by World War II. In the 50 years since, it has grown steadily while placing the highest priority on safe operations.

Dec.	1952	Japan Helicopter & Aeroplane Transports Co., Ltd. is established.
Feb.	1953	The Company starts a helicopter service.
Dec.	1953	The Company expands its network of routes after starting cargo services on the trunk line Tokyo-Osaka route.
Dec.	1957	The company name is changed to All Nippon Airways Co., Ltd.
Mar.	1958	ANA merges with Far Eastern Airlines Co., Ltd.
Oct.	1961	ANA is listed on the Second Section of the Tokyo Stock Exchange and the Second Section of the Osaka Securities Exchange. (The listings are changed to the First Section of both exchanges in 1972.)
Nov.	1963	ANA merges with Fujita Koku K.K.
Feb.	1971	Non-scheduled international services begin with the opening of a Tokyo-Hong Kong route.
Mar.	1986	ANA begins scheduled international service with the opening of a Tokyo-Guam route.
Oct.	1999	ANA joins the Star Alliance network.
Mar.	2003	The cumulative number of passengers carried by the ANA Group on domestic and international routes reaches 1 billion.
Jun.	2007	The ANA Group sells its hotel operations and concentrates its management resources on the air transport business.


1964: Boeing 727 service begins with a flight from Tokyo to Sapporo.


1986: Scheduled international service begins with a flight from Tokyo to Guam.


1999: Special livery celebrates ANA's membership in the Star Alliance.

Inclusion in Socially Responsible Investment (SRI) Indexes

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

FTSE4Good Index Series

BEST IN CLASS environmental and social performance STOREBRAND SRI

MS-SRI

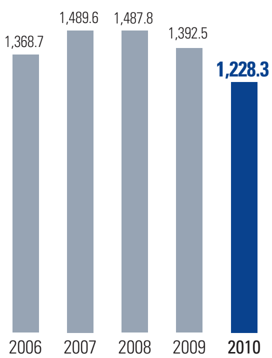
Dow Jones Sustainability Indexes Member 2009/10

Consolidated Financial Highlights

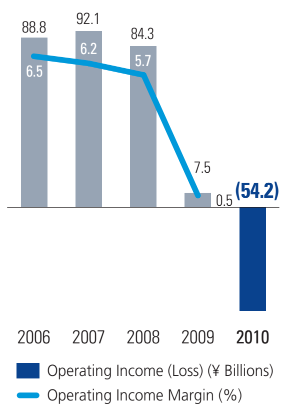
All Nippon Airways Co., Ltd. and its consolidated subsidiaries (Note 1)
Years ended March 31, 2010, 2009 and 2008

- Operating revenues decreased 11.8% year on year to ¥1,228.3 billion because of a delay in recovery of passenger demand due to the recession and the H1N1 influenza pandemic.
- Operating expenses decreased 7.4% year on year to ¥1,282.6 billion because the ANA Group better matched capacity and demand and met its targets for reducing fuel expenses and other costs.
- Operating loss was ¥54.2 billion compared with operating income of ¥7.5 billion for the previous fiscal year because the large decrease in operating revenues overwhelmed expense reductions.

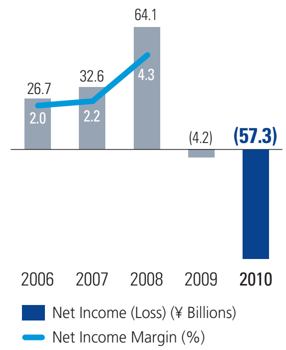
Operating Revenues
(¥ Billions)



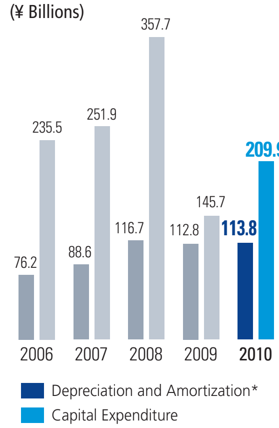
Operating Income (Loss) /
Operating Income Margin
(¥ Billions, %)



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



Depreciation and Amortization*/
Capital Expenditure
(¥ Billions)



*Excluding extraordinary depreciation

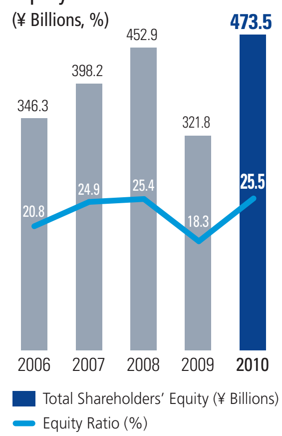
	Yen (Millions)			U.S. dollars (Note 2) (Thousands)
	2010	2009	2008	**2010**
For the Year				
Operating revenues	**¥1,228,353**	¥1,392,581	¥1,487,827	**$13,202,418**
Operating expenses	**1,282,600**	1,384,992	1,403,438	**13,785,468**
Operating income (loss)	**(54,247)**	7,589	84,389	**(583,050)**
EBITDA (Note 3)	**59,559**	120,470	201,176	**640,144**
Net income (loss)	**(57,387)**	(4,260)	64,143	**(616,799)**
Cash flows from operating activities	**82,991**	(39,783)	165,765	**891,992**
Cash flows from investing activities	**(251,893)**	(111,139)	(69,827)	**(2,707,362)**
Cash flows from financing activities	**173,791**	114,504	(87,336)	**1,867,917**
Free cash flow	**(168,902)**	(150,922)	95,938	**(1,815,369)**
Depreciation and amortization (excluding extraordinary depreciation)	**113,806**	112,881	116,787	**1,223,194**
Capital expenditure	**209,937**	145,709	357,733	**2,256,416**
At Year-End				
Total assets	**¥1,859,085**	¥1,761,065	¥1,783,393	**$19,981,567**
Interest-bearing debt (Note 4)	**941,691**	897,236	767,876	**10,121,356**
Total shareholders' equity (Note 5)	**473,552**	321,883	452,972	**5,089,767**
	Yen			U.S. dollars (Note 2)
Per Share Data				
Net income (loss)	**¥(24.67)**	¥ (2.19)	¥ 32.93	**$(0.265)**
Net assets	**188.93**	166.50	232.58	**2.030**
Cash dividends	**—**	1.00	5.00	**—**

- Net loss was ¥57.3 billion compared with net loss of ¥4.2 billion for the previous fiscal year.
- An increase in capital through a public offering of shares contributed to a 7.2-percentage-point increase in the equity ratio from the previous fiscal year end to 25.5 percent.
- ANA decided to suspend cash dividends for the fiscal year ended March 2010 because of the net loss in the tough operating environment.

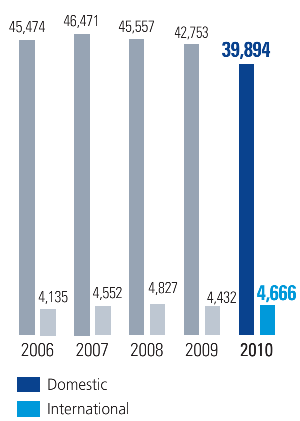
See pages 68 and 69 for a consolidated 11-year summary of financial data.

ROA / ROE
(%)

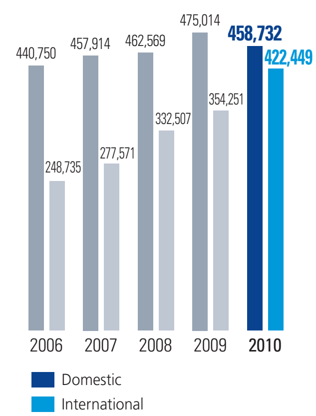
Total Shareholders' Equity / Equity Ratio
(¥ Billions, %)



Number of Passengers
(Thousands)



Cargo Volume
(Tons)



	2010	2009	2008
Management Indexes			
Operating income margin (%)	—	0.5	5.7
ROA (%) (Note 6)	—	0.6	5.3
ROE (%) (Note 7)	—	—	15.1
Equity ratio (%)	25.5	18.3	25.4
Debt/equity ratio (times) (Note 8)	2.0	2.8	1.7
Operating Data			
Domestic passenger services			
Available seat-km (millions)	57,104	59,222	62,651
Revenue passenger-km (millions)	35,397	37,596	39,928
Number of passengers (thousands)	39,894	42,753	45,557
Load factor (%)	62.0	63.5	63.7
International passenger services			
Available seat-km (millions)	26,723	27,905	28,285
Revenue passenger-km (millions)	20,220	19,360	21,291
Number of passengers (thousands)	4,666	4,432	4,827
Load factor (%)	75.7	69.4	75.3
Cargo volume			
Domestic (tons)	458,732	475,014	462,569
International (tons)	422,449	354,251	332,507

Notes: 1. As of March 31, 2010, there were 72 consolidated subsidiaries and 24 equity-method subsidiaries and affiliates.
2. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥93.04=US$1, the approximate exchange rate as of March 31, 2010.
3. EBITDA = operating income + depreciation and amortization
4. Lease obligations are included as a result of the early application of the Accounting Standard for Lease Transactions (revised March 30, 2007).
5. Total shareholders' equity = shareholders' equity + valuation, translation adjustments and others
6. ROA = (operating income + interest and dividend income) / simple average of total assets
7. ROE = net income / simple average of total shareholders' equity
8. Debt/equity ratio = interest-bearing debt / total shareholders' equity. Interest-bearing debt includes lease obligations as a result of the early application of the Accounting Standard for Lease Transactions.

* Yen amounts are rounded down to the nearest million. Percentages are rounded to the nearest number. U.S. dollar translations and other operating data are rounded down beginning with the fiscal year ended March 2009.

To Our Shareholders

Amid intense global competition, the ANA Group is transforming itself into a "new ANA" with operations that are highly profitable and well able to accommodate change. We will achieve our corporate vision of being Asia's Number One Airline Group through decisive reforms and continued progress with a spirit of independence. Expect the best from the ANA Group.

Shinichiro Ito
President and Chief Executive Officer

Overview of the Fiscal Year Ended March 2010

"The ANA Group executed its FY 2009 Emergency Plan from the start of the fiscal year, followed by the FY 2009 Emergency Income Recovery Plan. However, the unprecedented drop in demand caused a net loss."

The fiscal year ended March 2010 was extremely tough. The operating environment was difficult enough at the start of the fiscal year because of the lingering effect of the global recession, and then the H1N1 influenza pandemic that began in May 2009 made it even harder. Demand was substantially lower. We quickly reassigned aircraft, meticulously matched capacity to demand and moved aggressively to stimulate demand, but operating revenues decreased 11.8% year on year to ¥1,228.3 billion.

For expenses, we implemented the FY 2009 Emergency Plan announced in April 2009 in light of the decline in demand. The three core points of the plan were revision of our corporate plan for areas such as restructuring routes in response to demand trends, cost reductions of ¥73.0 billion that were the largest ever for the ANA Group, and investment reductions. After we implemented this plan, however, the H1N1 influenza pandemic further reduced demand. The ANA Group therefore initiated the FY 2009 Emergency Income Recovery Plan in July 2009 with the goal of recovering an additional ¥30.0 billion in profits in ways such as further strengthening our ability to match capacity and demand, flexibly reviewing costs versus capacity and assiduously cutting purchasing costs. The ANA Group used these measures to cut the operation-linked costs of fuel expenses and landing and navigation fees, as well as personnel expenses, outsourcing costs and sales commissions. As a result, we reduced operating expenses by ¥102.3 billion compared with the previous fiscal year.

We successfully completed both plans, but the unprecedented decrease in demand overpowered our cost reductions and caused an operating loss of ¥54.2 billion. Consequently, net loss was ¥57.3 billion. We have had a net loss for two consecutive years, and unfortunately had to disappoint shareholders and investors by suspending dividends.

The Public Offering of July 2009

"We conducted a public offering to strengthen our financial structure and build the foundation for further growth."

While the revenue environment was certainly tough, we strengthened our finances by raising ¥142.7 billion through a public offering in July 2009. In tandem with improvement in deferred loss on hedging instruments for fuel prices and foreign exchange rates, total shareholders' equity increased to ¥473.5 billion, the equity ratio improved 7.2 percentage points to 25.5%, and the debt/equity ratio improved to 2.0 times.

Management decided to conduct the public offering because it will fund strategic capital investments in business expansion and provide the capital to maintain and entrench a solid financial base. Since it will surely lead to future profit growth, we request the understanding of our shareholders.

ANA Group FY2010-2011 Corporate Strategy

> **"We will capture the opportunities presented by the expansions of the airports in the Tokyo area as we rapidly restore earnings and establish an operating structure that can accommodate our changing environment to achieve stable profitability."**

Opportunities abound for the ANA Group in 2010 as runway extensions at Haneda and Narita airports in the Tokyo area, accelerated liberalization of air transportation and changing competitive conditions usher in a new operating environment. We are taking a medium-to-long-term perspective in preparing to capitalize on these opportunities to expand our businesses and maximize corporate value. Having divested our hotel businesses as part of our program of selection and concentration, we continue to invest in updating our fleet of aircraft even though our performance has been weak.

Incidentally, the last two years leading up to the nearly completed expansions of the airports in the Tokyo area have been marked by a global recession and an unprecedented drop in demand. Demand began to pick up from the second half of 2009, but the risk of a double-dip recession remains, leaving little room for optimism.

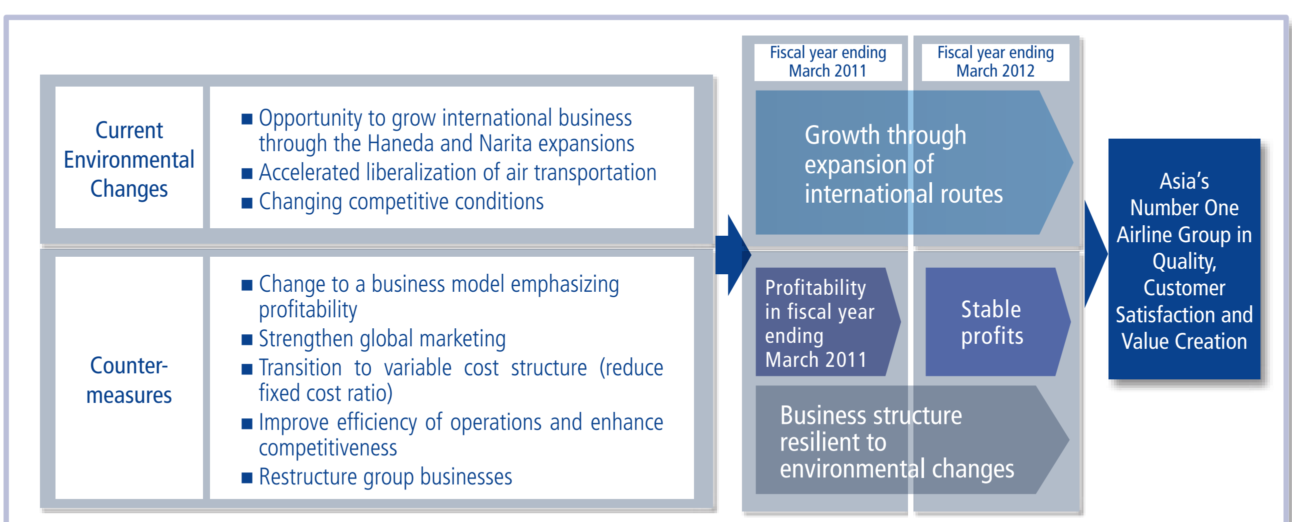
Effective risk management is therefore critical, and we are closely monitoring the pace of recovery in demand as we execute our corporate plan. However, we intend to take full advantage of the rare opportunity the expansion of runways at the Tokyo-area airports presents, and we have not changed our fundamental strategy of using this opportunity to achieve earnings growth for the ANA Group.

Given these circumstances, we formulated the ANA Group FY2010-2011 Corporate Strategy to transform ourselves into a "new ANA" by March 2012.

This strategy will guide us in building an operating structure that can respond to changes in the environment, reinforcing marketing capabilities and reforming our cost structure. We will transform our business model in working to improve earnings, with the aim of quickly achieving stable profitability. The expansion of Haneda and Narita airports is directly related to earnings growth, so we will build our network business using Haneda and Narita airports as dual hubs. We will use these dual hubs as the fulcrum of growth in our international passenger business, with the aim of competing successfully in global markets. Complementing these initiatives, we are aiming for stable, long-term growth as we work to give the ANA Group a high-quality, flexible business structure that is resilient to adverse environmental changes.

We plan to increase operating revenues during the fiscal year ending March 2011. At the same time, we forecast that operation-

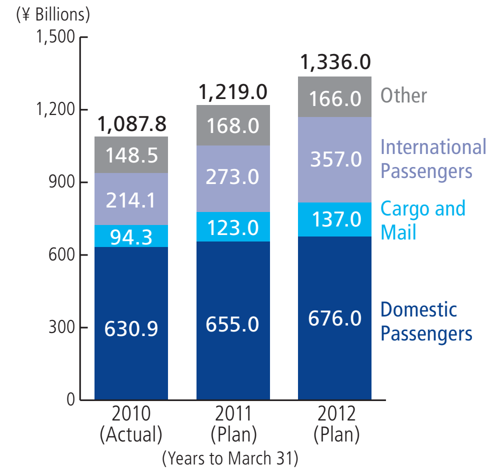
◆ Overview of ANA Group FY2010-2011 Corporate Strategy



Targets for ANA Group FY2010-2011 Corporate Strategy

		Targets	
(¥ Billions)	Fiscal year ended March 2010 (Actual)	Fiscal year ending March 2011 (Plan)	Fiscal year ending March 2012 (Plan)
Operating revenues	1,228.3	1,360.0	1,477.0
Operating income (loss)	(54.2)	42.0	104.0
Net income (loss)	(57.3)	5.0	37.0
		Profitability	Stable profits

■ Air Transportation Business Operating Revenues



linked costs will increase in tandem, and are therefore implementing structural reforms designed to reduce expenses by ¥86.0 billion. We will complement these cost reductions with ¥32.0 billion in additional revenue, thus improving operating income by ¥118.0 billion and allowing us to return to profitability. In the fiscal year ending March 2012, we will further enhance our cost structure and expand our businesses with a focus on international routes to achieve stable profits. We forecast operating revenues of ¥1,360.0 billion, operating income of ¥42.0 billion and net income of ¥5.0 billion for the fiscal year ending March 2011, and operating revenues of ¥1,477.0 billion, operating income of ¥104.0 billion and net income of ¥37.0 billion for the fiscal year ending March 2012.

Our vision prior to the ANA Group FY2010-2011 Corporate Strategy remains unchanged – we seek to be Asia's Number One Airline Group in terms of quality, customer satisfaction and value creation. We will steadily execute our corporate strategy over the next two years to begin growing again, with the aim of achieving our vision.

ANA Group FY2010-2011 Corporate Strategy: International Passenger Operations Strategy

"By building a global network to expand our catchment area while strengthening global marketing, we are aiming for a business structure that is resistant to volatility."

Looking at the ANA Group FY2010-2011 Corporate Strategy by business, let us begin with international passenger operations. This business is absolutely essential for the ANA Group to begin generating stable growth.

We see outstanding growth potential in international passenger operations. This business includes the markets of China and Asia, which are forecast to continue expanding strongly. Historically, however, in our experience the growth and profitability of international passenger operations have been subject to significant volatility. The September 11 terrorist attacks in the United States in 2001, the start of the Iraq war and the outbreak of SARS in 2003, the collapse of Lehman Brothers in 2008, and the April 2010 volcanic eruption in Iceland all exemplify the exposure of international passenger operations to various event risks ranging from political and economic events to war, disease and natural disasters. Moreover, while open skies agreements and the expansions of the airports in the Tokyo area present opportunities to expand our businesses and grow, they will also initiate greater competition with foreign airlines in ways such as allowing the entry of low-cost carriers. Under these conditions, we are aiming for a business structure that is resistant to volatility in order to expand our international passenger operations.

Based on the expansion of Tokyo-area airports, the ANA Group's network strategy does not simply involve increasing our own flights and routes. We will also enhance alliance activities and use the Tokyo-area airports as a dual hub that enables more convenient connections, thus allowing us to focus on expanding our catchment area worldwide. Consequently, our international routes will generate growth even if demand in Japan is flat because we will be meeting demand in the markets of China, Asia and North America, which we expect to continue expanding. (Additional information on our network strategy is available in the special feature section on pages 15-20.)

We are now enhancing our global marketing capabilities to expand our catchment area beyond our traditional strength in inbound and outbound flights in Japan. ATI (antitrust immunity) is a key point in capturing global demand. ANA, United Airlines and Continental Airlines filed applications for ATI for their trans-Pacific network with the U.S. Department of Transportation in December 2009 and with the Ministry of Land, Infrastructure, Transport and Tourism of Japan in June 2010. The three carriers hope to quickly be granted ATI, and will be working together on routes and schedules, as well as various fares and products. We will also determine a joint sales strategy that makes the best use of each carrier's strengths while raising operating efficiency.

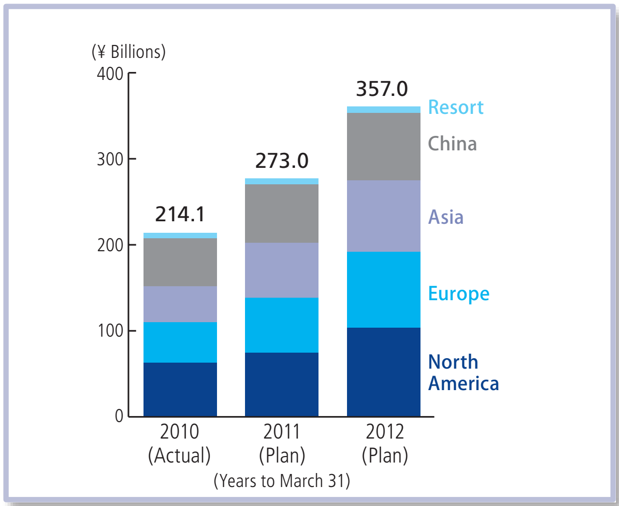
The ANA Group is strengthening its marketing organization to respond to changes in the environment and globalization by revising fares and tariffs, introducing a new revenue management system, OD PROS*, and enhancing overseas Internet sales capabilities. To make our products and services more competitive, we have introduced the new, high-value-added *Inspiration of Japan* brand.

Today, the ANA Group's international passenger operations generate about two-thirds of their operating revenues in Japan. Global marketing that expands our sales regions worldwide will create a more globally balanced revenue structure, which will make us more resistant to event risk and contribute to stable revenues. We also expect it to create network synergies.

We forecast operating revenues from international passenger operations of ¥273.0 billion for the fiscal year ending March 2011 and ¥357.0 billion for the fiscal year ending March 2012 as a result of our efforts to substantially increase the number of passengers by expanding the scale of the business.

* Origin & Destination Passenger Revenue Optimization System: a system for optimizing passenger revenue by capturing shifting demand from passenger points of departure (origin) to points of arrival (destination).

◆ Operating Revenue Plan for International Passenger Operations



ANA Group FY2010-2011 Corporate Strategy: Domestic Passenger Operations Strategy

"Network reorganization and better matching between capacity and demand will create the foundation for stable earnings."

Next, let's cover our strategy for domestic passenger operations. Japan's population is shrinking because of the low birthrate and aging society, and we are competing in more areas with other transportation organizations due to the extension of Shinkansen bullet train lines and other factors, thus impacting demand on domestic airline routes. The market is mature, but that does not mean that domestic passenger operations will become less important in the ANA Group's overall business portfolio.

From a global perspective, domestic flights in Japan will remain an important market for us because it is large and we are able to fully exercise the power of the ANA brand. It is also a business area where we can generate stable earnings in the future by raising network efficiency and balancing capacity and demand effectively.

The ANA Group FY2010-2011 Corporate Strategy will further enhance matching of capacity and demand and promote network reorganization in light of the expansion of Haneda Airport. The ANA Group will use the increase in the number of domestic slots at Haneda Airport to concentrate on highly profitable routes. As a result, its share of available seat-kilometers on inbound and outbound flights at Haneda Airport will be 67% for the fiscal year ending March 2012, compared with 61% for the fiscal year ended March 2008.

We will also flexibly reassign aircraft of different sizes and review routes in using multiple methods to match capacity with demand on routes other than inbound or outbound flights at Haneda. Moreover, the ANA Group will capture demand for new domestic connecting flights resulting from international route expansion, while strengthening cooperation with partners* to supplement its network and enhance competitiveness by offering more frequent flights. We expect these strategies to ensure an outstanding presence for the ANA Group in the domestic passenger market.

We forecast operating revenues from domestic passenger operations of ¥655.0 billion for the fiscal year ending March 2011 and ¥676.0 billion for the fiscal year ending March 2012 as we build the foundation for generating stable earnings.

* IBEX Airlines, Air Do, Skynet Asia, Starflyer and Oriental Air Bridge

ANA Group FY2010-2011 Corporate Strategy: Cargo and Mail Operations Strategy

"We aim to improve operating revenues by establishing the Okinawa Cargo Hub & Network and strengthening marketing."

We aim to generate growth in cargo and mail operations primarily by focusing on the international cargo business. The Okinawa Cargo Hub & Network began operating at the end of October 2009, with our enhanced network enabling better access to cargo demand within Asia. China and other Asian countries are driving growth in the global economy. These countries recovered quickly from the global recession and demand for air cargo services is solid among them. They have ample room for growth in demand in the future, and the ANA Group expects that they will contribute to expansion of its businesses and earnings. However, the ANA Group is proceeding carefully because cargo operations are even more subject to economic volatility than international passenger operations. The ANA Group is therefore holding off on introducing large-scale freighters for air cargo flights in favor of using nine medium-body freighters, mainly converted passenger aircraft, that are highly efficient and cost less to operate. We are now establishing this business model and ensuring its consistency at the Okinawa Cargo Hub & Network.

Currently, between 60% and 70% of our international cargo revenues come from shipments using the belly of passenger aircraft. We will therefore move to enhance cargo revenues as we increase passenger flights following expansion of the Tokyo-area airports.

In addition to building our network, we also intend to devote more energy to strengthening sales in the cargo business. We will work to maximize operating revenues through our cargo pricing formula and rate increases while using the CARGO PROS* revenue management system. Raising the accuracy of demand forecasts, addressing the relative lag in upgrading marketing capabilities compared to passenger operations, and conducting more circumspect yield control will improve profitability. As a result of these initiatives, we forecast operating revenues from cargo and mail operations of ¥123.0 billion for the fiscal year ending March 2011 and ¥137.0 billion for the fiscal year ending March 2012.

* The cargo version of our PROS passenger revenue optimization system

ANA Group FY2010-2011 Corporate Strategy: Restructuring

"We are raising productivity and making a structural shift from fixed costs to variable costs while establishing a foundation for generating stable earnings."

Under the ANA Group FY2010-2011 Corporate Strategy, the ANA Group will restructure decisively based on the business strategies discussed earlier. The business expansion centered on international routes covered above will expose operating revenue to greater volatility. The ANA Group must build a business structure that is resilient to external changes to minimize declines in earnings due to decreases in operating revenue. We therefore need to raise operating efficiency and promote a structural shift from fixed costs to variable costs.

At the close of the second quarter of the fiscal year ended March 2010, we realized that operating revenues were recovering more slowly than we had forecast at the start of the fiscal year and announced a revised forecast for a net loss with no dividends. At that point, we also announced that we would need to improve profits by approximately ¥100.0 billion in order to generate net income and resume dividends for the fiscal year ending March 2011. The ANA Group is now reforming its cost structure, and plans to reduce costs by ¥86.0 billion while increasing revenue by ¥32.0 billion during the fiscal year ending March 2011. The Comprehensive Cost Task Force, one of four groups reporting to the Structural Reform Committee established as an internal project in November 2009, led the effort to develop the measures over the following six months.

As for specific measures, first we intend to reduce marketing expenses by ¥19.0 billion. Having reviewed sales commissions for international routes during the fiscal year ended March 2010, we will do the same for domestic routes while further reducing advertising expenses. We also intend to reduce personnel expenses by ¥20.0 billion. Our strategies encompass reducing the number of employees involved in indirect operations by 1,000 through shifting personnel to front-line positions at airports and other locations, including an early retirement program we have already conducted, and making cutbacks in management salaries and other measures. Operating and cost structure reforms will account for the largest share of cost reductions. We will revise our corporate plan and improve our conditions for alliances and code sharing while negotiating reductions in purchasing and outsourcing costs, fees and rents, and certain general and administrative expenses with the goal of a significant overall reduction of ¥47.0 billion.

We will also reorganize the Group airline structure to ensure flexible operations planning with an optimized, highly efficient cost structure. Air Japan Co., Ltd. and ANA & JP Express Co., Ltd. merged on July 1, 2010, and we plan to merge Air Nippon Network Co., Ltd., Air Next Co., Ltd. and Air Central Co., Ltd. as ANA Wings Co., Ltd, in October. Ultimately, our objective is to restructure the Group's airlines into three companies during the fiscal year ending March 2012.The ANA Group will move to ensure that it thrives despite the increasing volatility of its businesses by determining how it can structure a stable yet flexible operating system.

◆ Measures to Reduce Costs and Increase Revenues in the Fiscal Year Ending March 2011

	Focus	Details	Outcome (¥ Billions)
Costs	Sales and advertising	■ Revise domestic sales commissions ■ Further reduce advertising expenses	¥19.0
	Personnel	■ Offer early retirement to reduce costs ■ Revise bonuses and reduce management salaries	¥20.0
	Operating and cost structure	■ Revise corporate plan ■ Strengthen code sharing ■ Consolidate outsourcing/purchasing and revise unit prices ■ Further reduce indirect fixed costs	¥47.0
	Sub-total		¥86.0
Revenues	Measures to enhance competitiveness and profitability		¥32.0
Total			¥118.0

ANA Group FY2010-2011 Corporate Strategy: Investment Plan and Cash Flow

“We will strengthen the competitiveness of our aircraft by continuing to invest strategically in their renewal.”

The expansion of the Tokyo-area airports is central to our view of capital expenditure. Our plans, mainly for adding new aircraft, are set until the fiscal year ending March 2012, but thereafter we will continue to execute our plans to introduce and renew the highly economical airplanes that will be key to maintaining competitiveness over the medium-to-long term. Our fleet strategy concentrates on continuing to aggressively introduce fuel-efficient aircraft ahead of competitors, increasing the proportion of narrow- and medium-body aircraft in our fleet and integrating the number of models to increase productivity. Though delayed, we plan to take delivery of our first Boeing 787 in December 2010, and will then accelerate subsequent introduction of this strategic aircraft. We plan to own eight Boeing 787s by March 31, 2011, and twenty by March 31, 2012. We will also introduce four new Boeing 777-300ERs with upgraded cabin specifications during the fiscal year ending March 2011, giving us nineteen of this aircraft that we will deploy efficiently to enhance service on long-haul international routes.

Given the above, we plan for capital expenditure including non-aircraft outlays to total ¥226.0 billion for the fiscal year ending March 2011 and to peak at ¥240.0 billion for the fiscal year ending March 2012. Subsequently, we intend to keep capital expenditure within the scope of cash provided by operations to generate free cash flow, while also working to reduce interest-bearing debt.

◆ Planned Introduction of Aircraft

(Years to March 31)	2010 (Actual)	2011 (Plan)	2012 (Plan)	Ordered Aircraft Remaining
Boeing 777-300ER	2*	4	-	0
Boeing 777-200ER	-	-	-	5
Boeing 787	-	8	12	35
Boeing 767-300ER	1	5	4	0
Boeing 737-800/700	6*	5	2	10
Bombardier DHC-8-400	1	1	3	3
Mitsubishi Regional Jet (MRJ)	0	0	0	15
Total	10*	23	21	68
Boeing 767BCF (converted)	3	2	-	0

* Three aircraft delivered during the fiscal year ended March 2010, consisting of one Boeing 777-300ER and two Boeing 737-800s, were not being used in business operations as of the end of the fiscal year. As a result, they are listed on the balance sheet as of March 31, 2010 under advance payments on aircraft purchase contracts and construction in progress.

CSR Initiatives

“We will promote CSR initiatives, a fundamental component of management, in order to continue growing together with society.”

Given the rapid changes in our operating environment, we believe that corporate management based on CSR will become even more important as we work to achieve our corporate vision under the ANA Group FY2010-2011 Corporate Strategy as discussed above. We will meet society’s expectations and demands for the ANA Group through our operating activities in order to grow together with society. That is the ANA Group’s mission.

Safety is especially important. As the ANA Group Safety Principles state, “Safety is our promise to the public and the foundation of our business.” This commitment to placing the highest priority on safety in all of our operations is shared throughout the Group. The ANA Group Medium-Term Safety Promotion Plan initiated in April

2010 calls for further systematic enhancement of activities to ensure safety. Our policy of promoting CSR with the primary goal of earning the trust of our stakeholders and giving them peace of mind will not change under any circumstances.

We also believe that corporations have the social responsibility of protecting the environment as part of a sustainable society. The United Nations designated 2010 as the International Year of Biodiversity, and will hold Conference of the Parties 10: Biological Diversity in October 2010 and the Conference of the Parties 16: Climate Change Conference in November 2010 to discuss the framework that will follow the Kyoto Protocol. The ANA Group is keeping up with internal and external developments relevant to global environmental issues in consistently implementing measures to combat global warming including the ANA Group Ecology Plan 2008-2011. Moreover, the ANA Group and its employees will further promote the ANA Group Environmental Principles, which were revised in April 2010, in their call to share with people around the world our commitment to the Earth.

In November 2008, the ANA Group became the first company in the transportation industry to receive the Eco-First Company designation from Japan's Ministry of the Environment. We intend to remain an environmental leader in our industry in energetically contributing to the creation of a sustainable society.

The ANA Group's Commitment

"We will unceasingly execute the reforms required to become Asia's Number One Airline Group."

The ANA Group disappointed shareholders and investors by suspending dividends for the fiscal year ended March 2010, but shareholder returns remain one of the Group's highest management priorities. We try to maximize shareholder returns by balancing capital expenditure and balance sheet improvements to generate stable earnings and future growth with efforts to enhance internal capital reserves in order to support stable management. The entire ANA Group is totally committed to achieving our performance targets under the ANA Group FY2010-2011 Corporate Strategy so that we can generate solid net income for the fiscal year ending March 2011 and resume dividend payments.

Demand volatility, liberalization of air transportation and intensifying global competition are among the factors that have created a difficult operating environment. We are selectively concentrating on the air transportation business, restructuring the ANA Group and investing in Boeing 787 aircraft, which are a key component of our air transportation business strategy, as part of our steady multi-year initiative to prepare for the expansion of the airports in the Tokyo area. I believe these efforts will generate strong results. When I became president last year, I said that my primary mission was positioning the ANA Group to quickly begin growing by taking advantage of this opportunity, and we have at last reached the stage where we can put our plans into action.

The ANA Group is decisively restructuring its businesses to accommodate change, strengthening operations amid intense global competition, and consistently implementing reforms that will allow us to achieve our corporate vision of being Asia's Number One Airline Group.

Our commitment to our stakeholders is as sincere as our gratitude for your continued support.

July 2010
Shinichiro Ito
President and Chief Executive Officer

S. Ito

Special Feature: Reliably Capturing Demand

Our Sophisticated Network Strategy

The ANA Group has been steadily preparing over the past several years for the 2010 completion of the expansion of Haneda and Narita airports in the Tokyo area. We are now at the stage where we must transform this business opportunity into stable growth.

The feature section discusses the historical background and present status of the network strategy that is at the core of the ANA Group's growth strategy. It also covers how our network strategy will support our transformation into a "new ANA."

Deepening Our Network Strategy

An Outstanding Network Strategy

Progress in the ANA Group's Network Strategy for International Routes

The ANA Group has long had a strong domestic route network. Our opportunity to fully develop our network strategy for international routes, however, came in April 2002 when Narita Airport's temporary parallel Runway B (2,180 meters) became available for use in addition to Runway A (4,000 meters).

The ANA Group's network strategy has developed in tandem with three main phases of airport capacity expansion. Phase I was the period prior to the expansion of Narita Airport that was completed in April 2002. Demand in Japan for international routes is concentrated in the Tokyo area, and during Phase I Narita Airport was overwhelmed by the sheer volume of international flights. This kept the ANA Group from fully using its international flight slots, thus limiting its ability to build its network. We used a point-to-point network at that time, aiming to capture mainly passenger demand for service between city pairs.

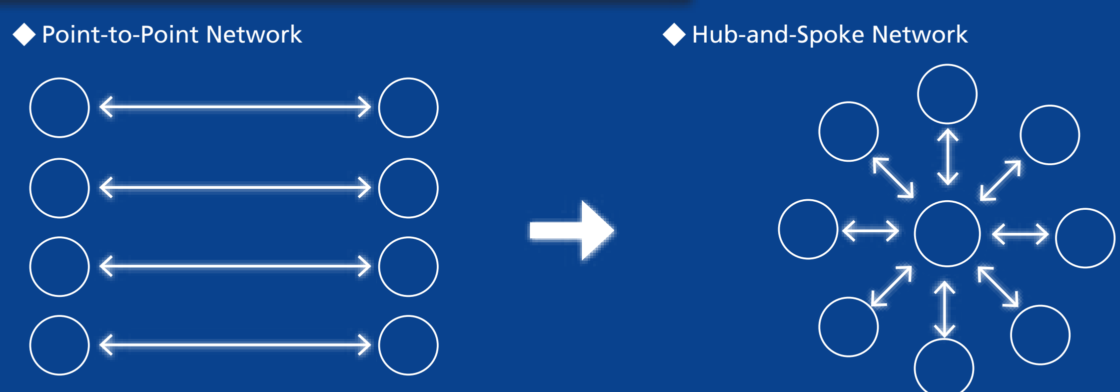
Phase II began with the 2002 expansion of Narita Airport that increased the number of international flight slots and the corresponding ability to build a strategic network. Demand linked to Star Alliance partners also increased, and we set our sights on configuring a hub-and-spoke network. The Narita-San Francisco route was representative, because it allowed us to add demand for connections to Asian cities out of Narita, and demand for connections to U.S. cities out of San Francisco. The ANA Group's international flight slots increased substantially from approximately 170 round-trip flights per week in 2002 to approximately 310 round-trip flights per week in 2009 (total international passenger flights including arrival and departure slots at Kansai and Chubu airports).

The ANA Group is approaching another turning point in 2010 with the expansion of the Tokyo-area airports. Phase III is about to begin, and we intend to generate new growth during it.

Features of the ANA Group's Network Strategy

The network design process is largely split between network planning and scheduling. Network planning involves setting up the route network. It employs demand forecasts to formulate medium-term network strategy for domestic and international routes. Scheduling formulates specific flight timetables that enhance profitability based on network strategy, and then seeks to deploy aircraft, crews and other

Former Point-to-Point Network vs. Hub-and-Spoke Network



Point-to-point network: a simple network of direct flights connecting two points. It is an effective network for meeting discrete demand for direct transportation between city pairs.

Hub-and-spoke network: Resembling a wheel, this route network is structured so that flights to points on the periphery emanate from the hub airport at the center. Comparatively fewer passengers from spoke airports in smaller cities are concentrated at hub airports in big cities to increase operational efficiency.

resources with optimum effectiveness.

Even with flawless network planning that sets up the route network based on analysis of precise demand forecasts with a medium-term perspective, poorly prepared scheduling of the resources required for network operation, from aircraft and personnel planning to slot management, will keep an airline from capturing forecast demand and increasing earnings. Network planning and scheduling must be integrated.

Network planning starts with the demand forecast, which is the key to constructing a multilayered hub-and-spoke network. The ANA Group uses a proprietary system that does not simply involve passenger flow between city pairs. Instead, it accurately estimates passenger demand from the original starting point to the final destination, including prior and subsequent connecting flights (origin and destination demand) and quantifies customer route and flight preferences to calculate share and estimate number of passengers and profitability by route and flight. Moreover, it also provides forecasts and analyses based on data including economic growth rates by country and region and business trends among companies worldwide.

For scheduling, the ANA Group uses a Fleet Assignment Model (FAM) that optimizes aircraft deployment to maximize revenue. It puts particular emphasis on setting a universal operating diagram that works for both the ANA Group's flights and code-sharing or connecting flights. Recently, the ANA Group has enhanced profitability by downgauging aircraft on China routes where the balance of demand and capacity had eased because of increased competition and event risk and downgauging from Boeing 747-400s to Boeing 777-300ERs on long-haul North American and European routes. Moreover, the ANA Group has also aggressively used code sharing to benefit fully from the ability of alliances to enhance competitiveness in terms of number of flights and higher operational efficiency.

The ANA Group is a member of Star Alliance, the world's largest airline alliance, and our ability to capture growing demand in Asia gives us an important role. Making full use of this alliance to build a competitive network is critical.

Code Sharing (as of July 1, 2010)

	Partner	Code Sharing Details	Routes	Connecting Routes
Star Alliance	Asiana Airlines	Narita-Seoul, etc.	22	0
	Air Canada	Narita-Vancouver, etc.	3	1
	Austrian Airlines	Narita-Vienna	1	5
	Shanghai Airlines	Haneda-Hongqiao, etc.	3	4
	Singapore Airlines	Narita-Singapore, etc.	4	10
	Swiss International Air Lines	Narita-Zurich	1	0
	Thai Airways International	Narita-Bangkok, etc.	4	9
	Air China	Narita-Beijing, etc.	14	12
	Turkish Airlines	Narita/Kansai-Istanbul	2	0
	United Airlines	Narita-Los Angeles, etc.	11	148
	Lufthansa	Narita-Frankfurt, etc.	4	36
	Note: The total of code sharing routes with the other 16 Star Alliance members is 315.			
Domestic Routes	Air Do	Haneda-Sapporo, etc.	9	
	IBEX Airlines	Haneda-Sapporo, etc.	13	
	Skynet Asia Airways	Haneda-Kumamoto, etc.	8	
	Starflyer	Haneda/Kansai-Kitakyushu	2	
	Oriental Air Bridge	Nagasaki-Tsushima, etc.	5	

Changes in Our Operating Environment Are

Making the Changes that Will Create the New ANA

Maximum Use of Dual Hubs in the Tokyo Area

The extension of Narita Airport's Runway B from 2,180 meters to 2,500 meters increased annual arrival and departure slots from 200 thousand to 220 thousand as of March 2010. The completion of a fourth runway at Haneda Airport will increase its annual arrival and departure slots from the current 303 thousand to 361 thousand* in October 2010 and 380 thousand* in the fiscal year ending March 2012. These expansions will allow scheduled international service to recommence at Haneda Airport, significantly increasing convenience by permitting short-haul routes to major cities in China and Southeast Asia during the daytime (6am-11pm) and long-haul routes to Europe and North America during the night.

Thus the ANA Group will be able to expand its businesses with a focus on international routes by employing a dual-hub strategy for the Tokyo area. This entails strategic division of functions between the ANA Group's primary hub of Haneda Airport, which will be able to complement its outstanding access to and from central Tokyo by offering international flights, and Narita Airport, which will continue to be the ANA Group's main hub for long-haul international flights. For future growth, we have to move beyond capturing demand only in the maturing domestic market by participating more fully in international passenger traffic. In the past, the ANA Group faced constraints in increasing international flights and adding new routes because there were not enough slots at Tokyo-area airports, but their expansion has created a significant business opportunity. We have a strong network of domestic and Asian routes, and the dual-hub strategy for the Tokyo area will therefore provide numerous advantages including the ability to capture demand from connecting flights.

* Including 30 thousand late-night and early-morning slots.

Expanding New Catchment Areas

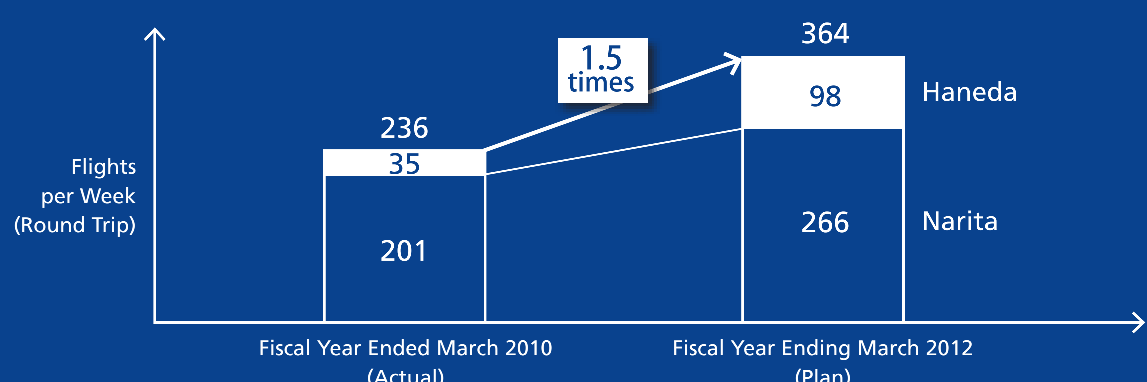
The ANA Group is now in Phase III of its network strategy. We are building a global network and working to expand our catchment area in order to benefit fully from the opportunities provided by the expansion of Tokyo-area airports. The first factor behind these initiatives is the increased number of flights permitted by the airport expansions. In July 2010, we strengthened our network in Southern and Eastern Europe by initiating service from Narita Airport to Munich, Deutsche Lufthansa AG's second hub. In October 2010 we will increase flights on existing routes from Haneda Airport to China and Asia, while also initiating new nighttime routes to North America. We will also add a succession of new operations to Asia, Europe and North America from Narita Airport. We aim to capture new demand by making full use of the difference in operating hours of Haneda and Narita airports and connecting flights to them.

Second, we are expanding our alliance network. The cooperation with Lufthansa mentioned above is one example of the ANA Group's drive to work more closely with its Star Alliance partners to capture

ANA Group International Passenger Flights*

◆ Arrival and Departure Slots at Haneda and Narita Airports

* Haneda/Narita only; Haneda includes early morning/late night flights



Opportunities

demand from point of origin to final destination on both its own routes and the flights that connect to them. Continental Airlines became a Star Alliance member in 2009, which expanded access to demand linked to the southern United States as well as Central and South America. In addition, cooperation with Turkish Airlines has expanded access demand linked to the Middle East and Eastern Europe, while cooperation with Etihad Airways has expanded access to demand linked to the Middle East and Africa. These and other moves are allowing the ANA Group to build a network that covers virtually every region in the world.

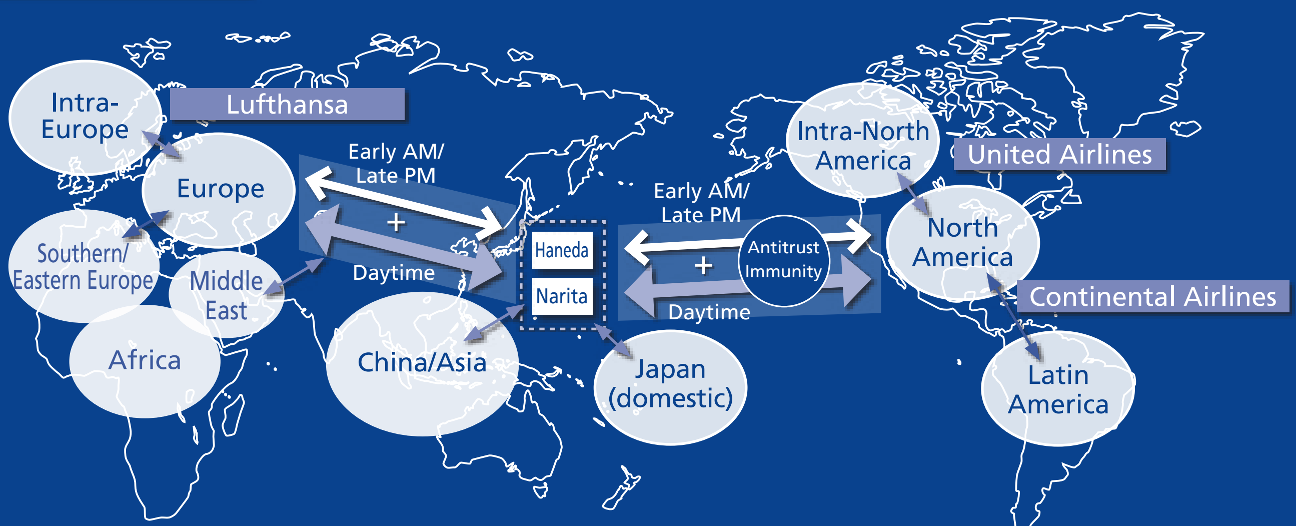
Third, using the dual hubs of Haneda and Narita airports improves connections. We are developing routes that link the regions of Japan with Asia, Europe and North America, as well as routes that link China and Asia with North America. Haneda and Narita airports will be the transit point where we will use our strong network covering Japan and Asia to capture connecting flight demand. Based on these strategies, we plan to increase total international flights at Haneda and Narita airports by approximately 1.5 times, from 236 per week in the fiscal year ended March 2010 to 364 per week in the fiscal year ending March 2012.

Antitrust Immunity (ATI) Enables New Possibilities

ANA, United Airlines and Continental Airlines filed an application with the U.S. Department of Transportation for ATI to enable the three carriers to create a trans-Pacific network. Approval will permit a strategic alliance encompassing joint ventures in areas such as network planning, revenue management and sales. Joint network construction will be especially important because we will be able to schedule flights more efficiently by avoiding redundancy. The ANA Group also expects to establish a network for capturing connecting flight demand that should significantly enhance revenues. The Narita-Chicago route is a good example. Chicago is a United hub that provides access to North American routes, while Narita is an ANA hub that provides access to Asia and Japan routes. ANA and United will therefore be able to market jointly to capture connecting flight demand.

The Star Alliance has received ATI for Atlantic routes, and joint ventures are now under way among alliance members that are generating results including reconciliation of routes, number of flights and flight times and pricing strategy optimization. ANA will initiate specific studies upon receiving approval.

New Catchment Areas



No Network Innovation, No Growth

The ANA Group's Future Network Strategy

Mission: Priorities that Maximize Earnings

We've been waiting a long time for the expansion of the Tokyo-area airports, which represents a major turning point for our network strategy because it increases our options by creating room for network expansion. We will also be able to deploy resources more efficiently if we receive ATI, which will further expand our options. We can now test the true value of our network strategy.

The ANA Group has been preparing for these outstanding opportunities for some time, conducting various studies and formulating network strategy for the medium-to-long term. While we still have a number of adjustments to make, we are at the stage of realizing network concepts in our flight routes and actual flight schedule. Prioritizing is now critical. As we expand our network over the next three years, we must deploy limited fleet and personnel resources according to a ranked order of new routes to increase earnings dramatically. Our mission is to determine the priorities that maximize earnings.

Routes and a Schedule that Encourage Customers to Choose ANA

Creating routes and a schedule that encourage customers to choose ANA is crucial to establishing a network. Generally speaking, customers see traveling in an airplane as a means, not an end, so routes and a schedule that synchronize with customers' travelling plans are a source of competitive advantage.

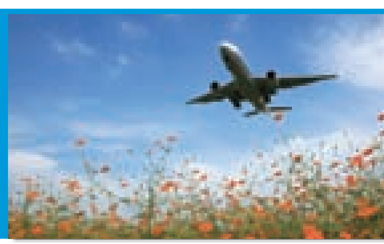
Our goal, therefore, is adapting our flight routes and schedule to customer demand. We are studying the best way to take full advantage of the unique features of Haneda and Narita airports under our dual hub strategy for the Tokyo area. As we expand international routes, connecting flights from our domestic network will increase in importance. Because we expect to generate half of our revenue for the fiscal year ending March 2012 from domestic routes, they will inevitably remain a key source of revenue. The external environment changes day by day, even minute by minute. The ANA Group will generate growth by continuing to innovate both its domestic and its international networks.

Takahiro Ezaki
General Manager
Network Planning

Osamu Shinobe
Executive Vice President,
Corporate Planning

Business Overview

ANA at a Glance

Segment	Photo	Segment Revenues as a % of Operating Revenues	Segment Revenues (¥ Billions) 2010	2009	2008	2007	2006
Air Transportation >>> Page 24		78.1	1,087.8	1,229.5	1,301.6	1,248.7	1,132.6
Domestic Passenger Operations >>> Page 25		45.3	630.9	699.3	739.5	726.0	685.0
International Passenger Operations >>> Page 27		15.4	214.1	291.0	311.5	278.4	229.2
Cargo and Mail Operations >>> Page 29		6.8	94.3	109.7	114.3	105.1	96.7
Other Transportation Services >>> Page 30		10.6	148.3	129.3	136.2	139.0	121.6
Travel Services >>> Page 31		12.0	166.9	188.7	215.3	208.0	199.4
Other Businesses >>> Page 32		9.9	137.7	148.2	198.9	196.8	190.9

Note: Segment revenues are before eliminations.

Business Activities	Highlights
The ANA Group ranks seventh among the world's airlines on its domestic routes and twelfth overall in terms of revenue passengers. ANA and five Group airline companies (as of July 1, 2010) meet a broad range of customer needs and provide highly convenient air transportation services with passenger and cargo flights. Group companies also provide services related to the air transportation business as well as aircraft maintenance and airport handling.	✔ Demand and unit prices decreased substantially in all businesses due to the global recession. ✔ The ANA Group moved to strengthen matching of capacity to demand and to cut costs, but the substantial decline in operating revenues resulted in an operating loss.
The ANA Group serves approximately 39.89 million passengers annually through 936 flights on 126 routes each day, and is a leader on domestic routes with a 47.6% share of Japan's domestic passenger services market. Our substantial domestic network centers on Haneda Airport. We are working to enhance customer satisfaction throughout operations, from aggressively introducing sophisticated IT systems for reservations and boarding to raise convenience and simplicity, to providing high-quality in-flight services, such as the fee-based *ANA My Choice*, that are tailored to customer needs.	✔ Demand was weak with the impact of the H1N1 influenza pandemic in addition to a decline in business demand. ✔ The ANA Group rapidly adjusted capacity in response to falling demand by suspending or reducing flights, but recovery took longer than expected, leading to reduced revenues.
The ANA Group serves approximately 4.66 million international passengers annually through 638 flights on 38 routes from Japan each week. As a core member of the Star Alliance, the world's largest airline alliance, the ANA Group is building a global network. We offer international passengers high-quality, highly convenient air transportation services, including the fee-based *ANA My Choice*, which gives customers greater freedom of choice, and the new concept service *Inspiration of Japan*.	✔ After the impact of the H1N1 influenza pandemic had subsided, leisure demand recovered but business demand recovery took longer than anticipated. ✔ The ANA Group rapidly matched capacity with demand and significantly improved load factor, but a decline in unit prices due to price competition and other factors resulted in reduced revenues.
The ANA Group provides cargo services through 9 medium-body cargo freighters and belly space on passenger planes. We offer 9 domestic flights on 6 routes daily, and 128 international flights on 19 routes weekly. The Okinawa Cargo Hub & Network began operations in October 2009, and we will work to capture express cargo demand in Asia, where growth is forecast over the medium-to-long term, as we continue to build a foundation for operations and earnings.	✔ For domestic cargo operations, capacity decreased as the ANA Group downgauged its freighters in light of the weak economy and revenue declined. ✔ For international cargo operations, freight demand increased as the ANA Group implemented initiatives to capture demand in Asia, but a drop in unit prices led to a decline in revenues.
International Transport Utility Co., Ltd., ANA Aircraft Maintenance Co., Ltd., ANA Telemart Co., Ltd. and other Group companies provide ground support, aircraft maintenance, reservation confirmation and other services at airports as required by air transportation services. These services are also provided to airlines outside the ANA Group. ANA Logistic Services Co., Ltd., supports cargo-related business and Overseas Courier Service Co., Ltd. provides land-based express delivery services.	✔ Although the ANA Group worked to increase revenues from in-flight sales and aircraft maintenance and ground handling services provided to other airlines, lower air transportation demand resulted in a decrease in revenues. ✔ Revenues of ancillary businesses increased, due in part to making Overseas Courier Service Co., Ltd., which operates the express business, a consolidated subsidiary.
Centered on ANA Sales Co., Ltd., operations in this business encompass sales of tickets, mainly for ANA flights, and planning and sales of branded travel packages using ANA flights, such as ANA Sky Holiday and ANA Hallo Tours. Overseas, it provides local services to customers who purchased travel packages in Japan. Inbound and outbound air tickets and travel products are also sold abroad.	✔ Domestic travel business revenues declined with the impact of the weak economy and the H1N1 influenza pandemic. ✔ International travel business revenues decreased because unit prices dropped, even though aggressive marketing led to an increase in the number of passengers.
These air transportation-related services encompass information systems, product sales, facilities management, and aircraft parts and repair. In information systems, the ANA Group mainly develops and manages airline information terminals and software. The ANA Group is also involved in product sales including spare parts and other aircraft-related products, retail sales at airport stores and mail-order sales.	✔ In product sales, revenues decreased because of reduced transaction volume, including for spare parts and other aircraft-related products. ✔ Rising use of the international flight reservation and ticketing system from the second half led to an increase in revenues.

Air Transportation

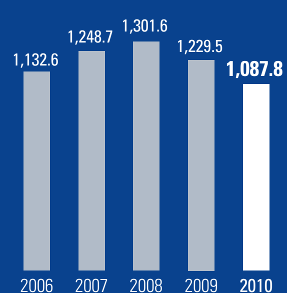
Highlights

Air transportation revenues... ¥1,087.8 billion (–11.5%)
Operating expenses................¥1,145.4 billion (–6.5%)
Operating loss....................................¥57.5 billion (—)

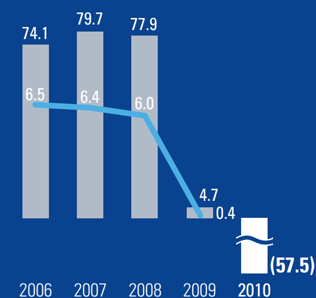
Note: Figures in parentheses are comparisons with the previous fiscal year.

The Air Transportation segment accounted for 78.1% of total operating revenues before eliminations.

Operating Revenues
(¥ Billions)



Operating Income (Loss)/
Operating Income Margin
(¥ Billions/%)



The impact of the global recession persisted during the fiscal year ended March 2010. With falling demand among business passengers and reduced movement of goods, demand for air transportation in both the passenger and cargo business was weak in the first half of the fiscal year, and the anticipated recovery in demand from the second half was late in materializing. Domestic passenger operations began to show signs of recovery in the fourth quarter, but demand was weak throughout the fiscal year and the number of passengers decreased year on year. International passenger operations began a full-scale recovery from the second half, and the number of passengers increased year on year. In cargo and mail operations, domestic cargo volume decreased year on year, while international cargo volume increased year on year because of the positive network effect of the start of operations at the Okinawa Cargo Hub & Network in October 2009 and brisk demand in China and Asia.

However, operating revenues decreased substantially year on year because intensifying competition and the effect of deflation caused unit prices to fall in both passenger and cargo operations.

Consequently, air transportation revenues decreased 11.5 percent year on year to ¥1,087.8 billion. While ANA adjusted capacity and assiduously reduced expenses in response to the decrease in demand, operating loss was ¥57.5 billion, compared with operating income of ¥4.7 billion for the previous fiscal year.

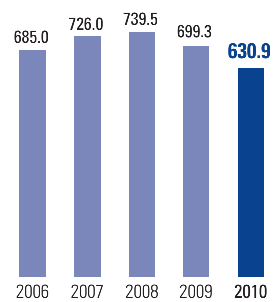
In the fiscal year ending March 2011, flight slots will increase at both Haneda and Narita airports, which will support business expansion centered on international routes. ANA forecasts that operating revenues will increase in both passenger and cargo operations. Market conditions continue to preclude optimism that demand will recover fully. ANA will therefore continue to match capacity with demand and reform its cost structure in working to improve profitability.

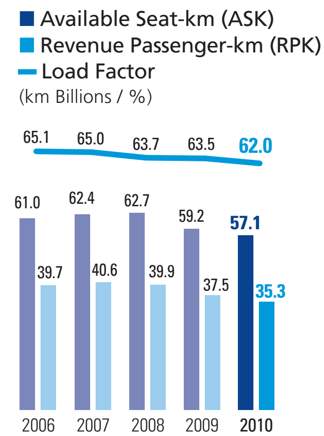
Domestic Passenger Operations

Highlights

Passenger revenues	¥630.9 billion (–9.8%)
Passenger numbers	39.89 million (–6.7%)
Available seat-kilometers	57.1 billion (–3.6%)
Unit revenues	¥11.0 (–¥0.8)
Yield	¥17.8 (–¥0.8)
Unit price	¥15,816 (–3.3%)

Operating Revenues
(¥ Billions)





Overview of the Fiscal Year Ended March 2010

ANA responded to decreased demand by restructuring its network and enhancing efforts to match capacity and demand.

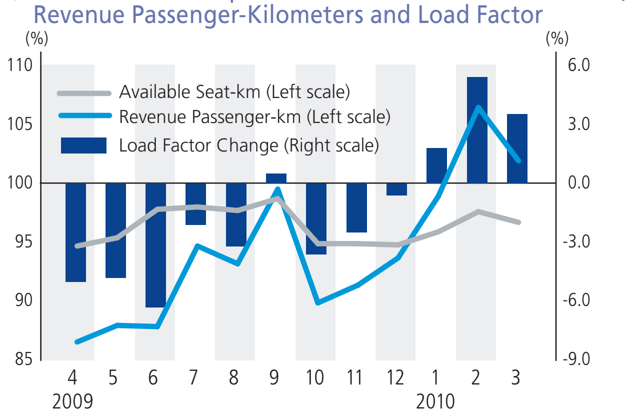
Business demand decreased on domestic routes as the recession continued from the previous fiscal year and the H1N1 influenza pandemic from May 2009 led to travel cutbacks by companies and cancellations of leisure trips. Demand decreased significantly as a result, with the number of first-quarter passengers down more than 10 percent compared with the same period a year earlier, a trend that continued in subsequent quarters as well. Demand began to recover in the fourth quarter as passenger numbers increased from February 2010 compared to the same month a year earlier, but air transportation demand for the full fiscal year decreased.

Given these conditions, ANA responded to demand trends by meticulously matching capacity with demand on each route in its domestic network and adjusting available seat kilometers. Service began on the new Shizuoka-Sapporo and Shizuoka-Okinawa routes in June 2009, and ANA increased flights on routes with higher forecast demand, including the Haneda-Hiroshima route and the Nagoya-Okinawa route in November 2009 and the Itami-Fukuoka, Itami-Kochi and Itami-Matsuyama routes in December 2009. ANA also suspended or reduced flights on routes with fewer passengers, and downgauged aircraft in response to demand trends while flexibly and quickly redeploying aircraft according to the number of reservations. These ongoing efforts to enhance matching of capacity and demand resulted in a 3.6 percent decrease in available seat kilometers compared with the previous fiscal year.

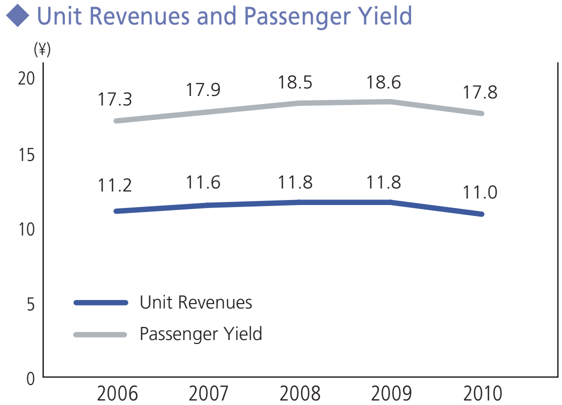
At the same time, ANA moved to enhance efficiency among its five domestic alliance partners, including Starflyer Inc., while maintaining the competitiveness of its network by expanding code sharing with IBEX Airlines Co., Ltd., Skynet Asia Airways and Hokkaido International Airlines, and initiating code sharing with Oriental Air Bridge Co., Ltd. in November 2009.

Despite ANA's concentration on these efforts, the load factor for the fiscal year decreased to 62.0 percent from 63.5 percent for the previous fiscal year due to the substantial impact of the decrease in demand.

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



◆ Unit Revenues and Passenger Yield



The number of passengers and unit prices were down year on year due to decreased demand.

Amid decreasing demand, ANA set new discount *Super Tabi-Wari* and *Senior Sora-Wari* fares to attract passengers by strengthening the competitiveness of fares, and also took steps to enhance *Tokuteibin Noritsugi-Waribiki* and *Noritsugi Tabi-Wari*. With business demand continuing to decrease, ANA aggressively implemented policies to stimulate leisure demand by flexibly setting fares by flight in accordance with passenger demand. Moreover, ANA worked to stimulate travel demand by developing seasonal promotional sightseeing campaigns in cooperation with regional bodies.

ANA also enhanced its lineup of affinity credit cards to expand the number of ANA mileage club members, and began offering the fee-based *ANA My Choice*, which allows customers to choose freely from a service menu, with the aim of creating demand by securing customers and improving service quality.

However, the number of passengers on domestic routes decreased 6.7 percent year on year to 39.89 million because the recovery in demand took longer than expected. The decrease in demand from business travellers was a primary factor in the 3.3 percent decrease in unit price. Consequently, operating revenues decreased 9.8 percent year on year to ¥630.9 billion.

◆ Domestic Network Changes

New Service	June 2009	Shizuoka-Sapporo/Okinawa
Increased Flights	May 2009	Haneda-Okinawa
	November 2009	Haneda-Hiroshima, Nagoya-Okinawa
	December 2009	Itami-Fukuoka/Kochi/Matsuyama
	February-March 2010	Temporary increase in weekend and early-week late-evening and early-morning flights on the Haneda-Kansai route
Reduced Flights	November 2009	Haneda-Sapporo/Okinawa, Fukuoka-Fukue, Sendai/Kansai-Fukuoka
Suspended	October 2009	Oshima-Hachijojima
	November 2009	Kansai-Matsuyama/Kochi/Kagoshima, Miyazaki/Kumamoto-Okinawa, Sapporo-Fukushima/Toyama/Komatsu
Code Share	November 2009	Initiated code sharing with Oriental Air Bridge on its Nagasaki-Iki/Fukue/Tsushima/Kagoshima and Fukue-Fukuoka routes
		Expanded code sharing with Skynet Asia Airways (Miyazaki-Okinawa, Kumamoto-Okinawa), Air Do (Tomiyama/Komatsu/Fukushima-Chitose) and IBEX Airlines (Sendai-Fukuoka)

Initiatives in the Fiscal Year Ending March 2011

ANA will meticulously match capacity with demand by optimizing its network and will strengthen marketing with the aim of increasing profitability.

As the Japanese economy picked up, the number of passengers began to recover in the fourth quarter of the fiscal year ended March 2010, and ANA expects this trend to continue. However, the pace of economic recovery is moderate and deflationary conditions are forecast to persist. Moreover, ANA expects competition with other airlines and ground transportation organizations to intensify as new airlines have priority in the allocation of increased slots at Haneda Airport and an upgrade of the Shinkansen bullet train network has increased its convenience.

ANA will respond to these conditions by continuing to build an optimal network premised on meticulous matching of capacity and demand in order to maintain and improve competitiveness. ANA will also work to capture demand for domestic connecting flights associated with the increase in international flights to Haneda Airport, and from October 2010 will reinitiate service on the Haneda-Tokushima route. Thus ANA plans to concentrate capacity on highly profitable inbound and outbound routes at Haneda Airport. In July 2010, ANA will centralize all routes within Hokkaido at New Chitose Airport (Sapporo) and work to capture demand for connecting flights to areas in Honshu as part of its efforts to secure profitability and optimize regional routes.

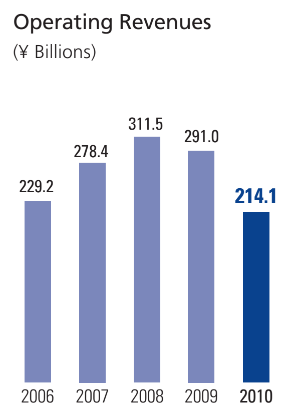
In sales and marketing, ANA aims to maximize revenues generated by its network by introducing *Noritsugi Toku-Wari* as part of a program of adjusting and enhancing fares for connecting flights to stimulate potential demand. ANA will also strengthen sales and marketing structures, including Internet sales channels, to increase revenues by stimulating both business and leisure demand. *ANA My Choice*, which ANA introduced during the fiscal year ended March 2010, was significantly enhanced in April 2010, and ANA will work to renew many of its services.

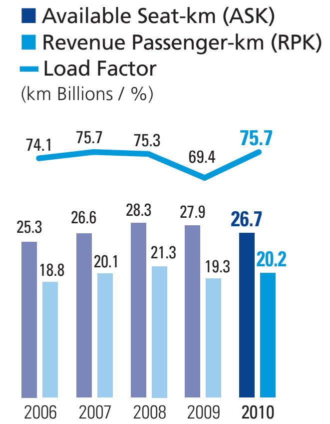
The new fee-based *ANA My Choice* offers numerous services on the ground and in the air, such as the ability to use it at set times at airport lounges and to order premium class meals from a regular seat.

International Passenger Operations

Highlights

Passenger revenues	¥214.1 billion (–26.4%)
Passenger numbers	4.66 million (+5.3%)
Available seat-kilometers	26.7 billion (–4.2%)
Unit revenues	¥8.0 (–¥2.4)
Yield	¥10.6 (–¥4.4)
Unit price	¥45,883 (–30.1%)





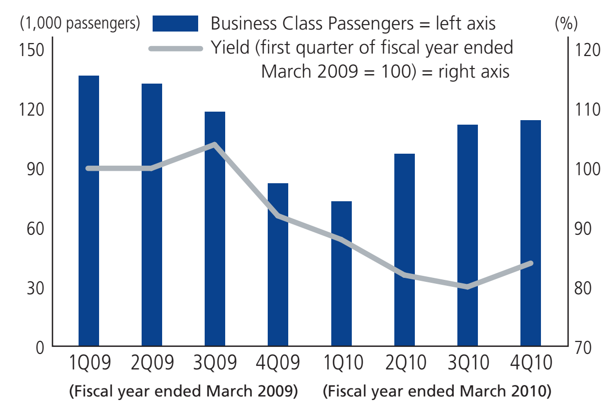
Overview of the Fiscal Year Ended March 2010

ANA significantly improved load factor with speedier matching of capacity and demand.

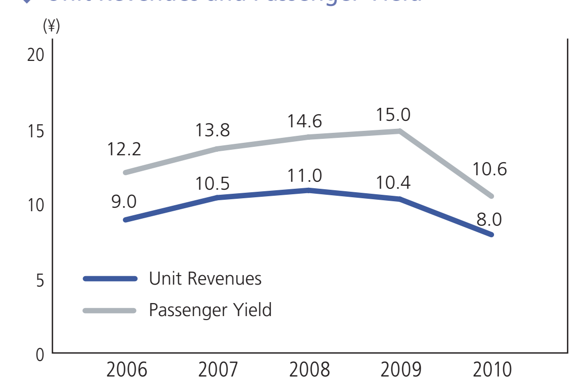
Demand finally began a full-fledged recovery after the impact of the global recession and the H1N1 influenza pandemic began to recede from August 2009. The number of leisure passengers on international routes recovered and began to surpass figures for the same period a year earlier, while business demand improved from the fourth quarter.

Given these conditions, ANA worked to build a network that responds quickly to changes in demand. In the first half, ANA initiated service on the Kansai-Seoul (Gimpo) route in May 2009, but suspended it in March 2010. Other moves included reducing the number of flights on the Narita-Guangzhou route from July 2009. With demand clearly recovering in the second half, ANA began offering charter service on the Haneda-Beijing route from October 2009 and reinitiated service on the temporarily suspended Kansai-Dalian route. Moreover, ANA flexibly reviewed aircraft deployment according to demand trends, completed the replacement of Boeing 747-400s with Boeing 777-300ERs on all European and North American routes, and switched from Boeing 767-300ERs to smaller Boeing 737-700s on certain China routes. ANA also adjusted capacity upward on routes, including Narita-Paris, Narita-Washington, D.C. and Narita-Honolulu, during limited periods of high demand as part of its program of matching capacity with demand to improve profitability. Consequently, the load factor improved substantially to 75.7 percent from 69.4 percent for the previous fiscal year.

◆ Number of Business Class Passengers by Quarter and Yield



◆ Unit Revenues and Passenger Yield



The number of passengers increased because of aggressive measures to stimulate demand, while unit price decreased due to factors including the delayed recovery of demand from business passengers.

In sales and marketing, ANA offered chartered and extra flights during periods of high demand. ANA decided to continue the highly competitive *Super Biz-Wari 28* and *Super Eco-Wari* fares while introducing the new *Eco-Wari Youth* fare to stimulate demand for leisure travel among younger passengers, and moved to stimulate business class demand with the new *Busi-Wari 14* fare. Answering a broad range of customer needs for services, ANA responded to the easing of the visa process for Chinese tourists by promoting trips to Japan from July 2009, and began offering the fee-based *ANA My Choice* service from

December 2009. These measures to stimulate demand contributed effectively to a 5.3 percent year-on-year increase in the number of passengers to 4.66 million.

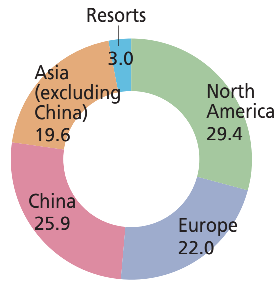
Although ANA aggressively worked to stimulate demand, unit price declined a substantial 30.1 percent year on year as the business class load factor decreased and market competition intensified.

ANA temporarily suspended fuel surcharges in July 2009, but reinstated them in October 2009 because of rising prices in the jet fuel market. Proceeds from fuel surcharges decreased year on year because of a reduction as well as the temporary suspension.

As a result, operating revenues decreased 26.4 percent year on year to ¥214.1 billion.

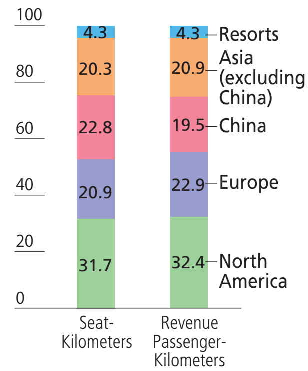
◆ Operating Revenues by Area

(Fiscal year ended March 2010)
(%)



◆ Seat-Kilometers and Revenue Passenger-Kilometers by Area

(Fiscal year ended March 2010)
(%)



Initiatives in the Fiscal Year Ending March 2011

ANA intends to expand operating revenues through the dual-hub strategy for the Tokyo area.

Increases in the number of slots at Narita Airport in March 2010 and at Haneda Airport in October 2010 will create the opportunity for ANA to expand international passenger operations under a dual-hub strategy for the Tokyo area that leverages the unique features of each airport.

ANA enhanced its route network* from the end of March 2010 by adding flights to the Narita-Shenyang and Narita-Ho Chi Minh City routes and operating them daily, thus increasing the convenience of connections to flights in China and Asia and North American routes. ANA also initiated service on the Narita-Munich route in July 2010 and will use its alliance with Lufthansa to capture demand for connecting flights to Southern and Eastern Europe. From the end of October 2010 ANA will initiate service on the Haneda-Taipei (Songshan) route and will increase flights on the Narita-Seoul (Gimpo), Narita-Beijing, and Narita-Shanghai (Hongqiao) routes. ANA will inaugurate medium and long-haul flights out of Haneda to Los Angeles, Honolulu, Singapore and Bangkok in the late night and early morning time periods during which Narita is closed, as well as strengthen efforts to capture Tokyo-area demand for daytime (6am-11pm) flights in and out of Narita and demand from connecting flights within Japan. As it expands operations, ANA will flexibly respond to the demand environment by revising routes as needed and continuously optimizing aircraft deployment.

ANA will conduct sales and marketing with a global perspective to expand its network and its demand catchment area. ANA has also introduced a new concept for products and services called *Inspiration of Japan* as it works to enhance competitiveness by raising service quality. In addition, ANA, United Airlines and Continental Airlines have filed applications with the U.S. Department of Transportation and Japan's Ministry of Land, Infrastructure, Transport and Tourism for antitrust immunity (ATI). Upon being granted ATI, the three airlines will work to maximize the benefits of this comprehensive alliance by rapidly building a business framework covering network planning, revenue management and sales strategy.

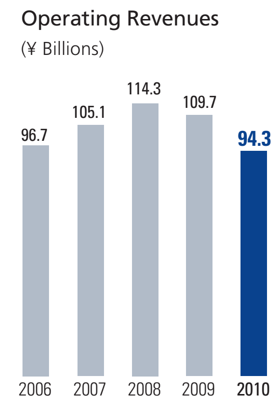
* These route plans are subject to approval by the relevant authorities. Also, the development of routes from Haneda to China requires the approval of the China-Japan Air Talks.

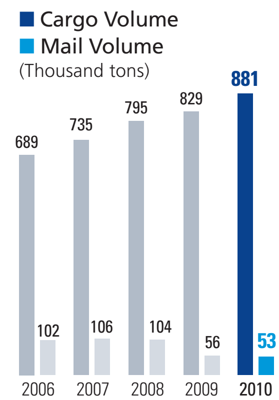
ANA launched *Inspiration of Japan* in April 2010. This new concept significantly improves seat comfort in all classes, and has introduced full-flat business class seats on flights to New York and Frankfurt, with successive introductions scheduled on other routes. Other new services include monthly cabin meal changes.

Cargo and Mail Operations

Highlights

Cargo and mail revenues	¥94.3 billion (–14.0%)
Cargo volume	881 thousand tons (+6.3%)
Cargo revenues	¥87.5 billion (–14.3%)
Mail volume	53 thousand tons (–5.4%)
Mail revenues	¥6.8 billion (–10.3%)





Overview of the Fiscal Year Ended March 2010

Although cargo connections to international routes increased in the second half of the fiscal year, domestic cargo revenues decreased slightly year on year.

In domestic cargo services, ANA reduced capacity by switching to smaller aircraft in response to the recession and demand for general bulk cargo shipments remained sluggish. However, demand for home delivery services, such as *Yu-Pack*, remained strong. While domestic cargo demand was weak throughout the fiscal year, demand for cargo connections to international routes to China and Asia increased in the second half due to the start-up of the Okinawa Cargo Hub & Network. As a result, domestic cargo traffic volume decreased 3.4 percent year on year to 458 thousand tons, while operating revenues decreased 3.8 percent to ¥31.8 billion.

Domestic mail volume decreased 13.5 percent year on year to 32 thousand tons, and operating revenues decreased 9.4 percent year on year to ¥3.5 billion.

ANA worked to capture intra-Asia demand. Cargo volume increased on international routes, but operating revenues decreased due to lower unit prices.

In international cargo services, demand bottomed out at the start of 2009 and began to recover. Cargo volume exceeded previous-year levels from September 2009 onward. Efforts to stimulate demand within China resulted in an increase in shipments of such cargo as LCD components and other electronic devices and a recovery in volume of shipments on China and other Asian routes. Volume of shipments of cargo such as automobile parts to North America and Europe also recovered.

Given these conditions, ANA worked to improve revenues and reduce costs by fully leveraging its expanded network for China and Asia, reducing the number of flights on routes with low demand and increasing the number of flights on high-demand routes into and out of Narita. In addition, ANA added chartered flights for high-demand routes and periods to effectively meet demand for cargo services, particularly from quickly recovering demand in China.

Operation of the Okinawa Cargo Hub & Network began in October 2009. It connects the three domestic airports of Haneda, Narita, and Kansai with the five overseas airports of Seoul, Shanghai, Hong Kong, Taipei, and Bangkok. The network uses a hub and spoke system, with Naha Airport as the hub for connecting cargo flights using medium-body freighters late at night. Prior to the start of operation of the Okinawa Cargo Hub & Network, in August 2009 ANA merged Overseas Courier Service Co., Ltd. and All Express Corporation. This created an organization that can offer integrated shipping from customer to customer with air express products that include ground shipping, and ANA strengthened marketing that tracks the shift in cargo demand to intra-Asia regions.

Consequently, cargo traffic volume on international routes increased

◆ Cargo Operating Revenues and Volume

(Years ended March 31)		2010		2009		2008	
		Actual	Percentage increase (decrease) from previous year	Actual	Percentage increase (decrease) from previous year	Actual	Percentage increase (decrease) from previous year
Cargo revenues (¥ Millions)	Domestic	31,829	(3.8)	33,097	8.3	30,566	(0.0)
	International	55,750	(19.3)	69,069	(4.3)	72,192	16.1
	Total	87,579	(14.3)	102,166	(0.6)	102,758	10.8
Cargo volume (Tons)	Domestic	458,732	(3.4)	475,014	2.7	462,569	1.0
	International	422,449	19.3	354,251	6.5	332,507	19.8
	Total	881,181	6.3	829,265	4.3	795,076	8.1

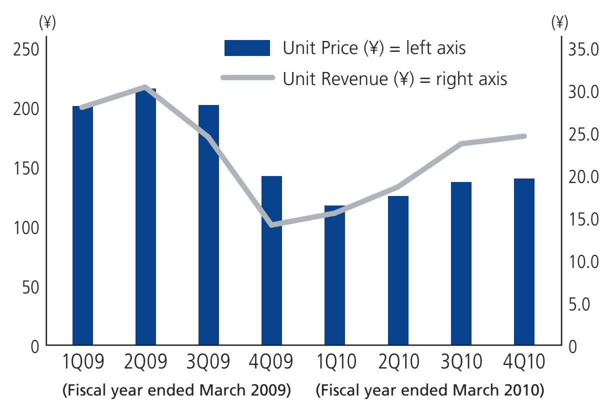
19.3 percent year on year to 422 thousand tons. However, price competition intensified as demand decreased and unit price decreased as fuel surcharges were reduced. As a result of these and other factors, operating revenues decreased 19.3 percent year on year to ¥55.7 billion. Moreover, international mail traffic volume increased 9.6 percent year on year to 20 thousand tons, while operating revenues decreased 11.2 percent to ¥3.2 billion.

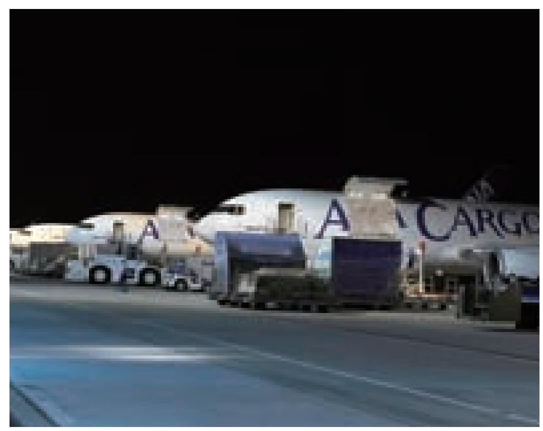
Initiatives in the Fiscal Year Ending March 2011

Stabilizing the Okinawa Cargo Hub & Network and strengthening the sales organization will raise the profitability of the cargo business.

International cargo operations center on China and Asia, which are driving the recovery of the global economy. ANA forecasts growth for this business over the medium-to-long term, and will continue to strengthen its base. At the Okinawa Cargo Hub & Network, ANA uses nine medium-body freighters converted from passenger aircraft that are less expensive than new aircraft, and will continue to strengthen operations and raise efficiency. ANA will also continue to develop high-quality products based on market needs, and strengthen its ability to distribute them through the Internet and its own distribution channels. Another key initiative will be maximizing revenue through the introduction of a cargo revenue management system (CARGO PROS) similar to the system ANA currently uses in passenger operations, which will improve the management of cargo space. ANA will also strengthen sales and marketing with the objective of maximizing revenues.

◆ Unit Price and Unit Revenue by Quarter





The Okinawa Cargo Hub & Network

Other Transportation Services

Highlights

Other transportation services revenues................. ¥148.3 billion (+14.7%)

In other transportation services, ANA worked to increase revenues from aircraft maintenance and ground handling services provided to other airlines, such as passenger check-in and baggage handling, as well as from in-flight sales. Moreover, Overseas Courier Service Co., Ltd., which handles express delivery operations, became a consolidated subsidiary during the fiscal year ended March 2010. Consequently, for the fiscal year ended March 2010 operating revenues from other transportation services increased 14.7 percent year on year to ¥148.3 billion.

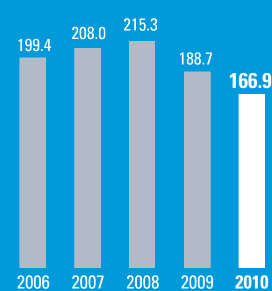
Travel Services

Highlights

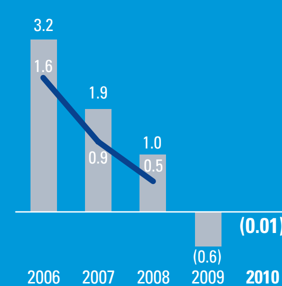
Travel services revenues ....¥166.9 billion (–11.5%)
Operating expenses ....¥166.9 billion (–11.8%)
Operating loss ....¥0.01 billion (—)

The Travel Services segment accounted for 12.0% of total operating revenues before eliminations.

Operating Revenues
(¥ Billions)



Operating Income (Loss)/
Operating Income Margin
(¥ Billions / %)



In domestic travel services, demand in the first half of the year remained weak due to the recession and the N1H1 influenza pandemic. ANA worked to increase Internet sales through such efforts as developing summer campaigns and enhancing *Tabi-Saku*, a search function that enables customers to freely create their own original travel plans. In the second half of the fiscal year, ANA worked to stimulate demand by expanding its lineup of skiing-related products. However, the total number of customers for these products declined for the fiscal year. Revenues from domestic travel services decreased year on year because of continued unit price declines due to increased price competition and deflation.

Demand for international travel services declined. However, product enhancement including charter flights from Haneda to Guam in the summer and New Year season and expanded business class tour products, as well as proactive sales initiatives, increased the total number of customers for these products year on year. However, cost-conscious travelers and the shift toward short-range overseas trips caused unit travel prices to decrease, and revenues from international travel services decreased year on year.

Consequently, travel services operating revenues decreased 11.5 percent year on year to ¥166.9 billion. Operating loss was ¥18 million, compared to an operating loss of ¥628 million for the previous fiscal year.

ANA forecasts that economic recovery will support improvement in demand for travel services in the fiscal year ending March 2011. ANA will respond to the continuing diversification of customer needs by enhancing Internet sales and implementing customer-based strategies geared toward specific customer segments. Using *Tabi-Saku*, *Web Free Plan* and other Internet marketing tools, ANA will work to differentiate its products and strengthen competitiveness. ANA will also move to raise profitability by enhancing customer relationships with strategies such as recruiting *Tabi-Tachi* members from among ANA Mileage Club members to improve customer retention.

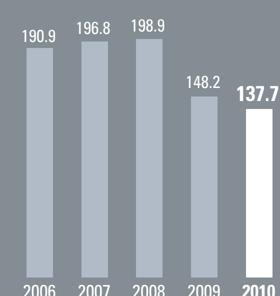
Other Businesses

Highlights

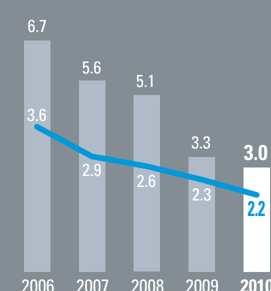
Operating revenues....................¥137.7 billion (–7.0%)
Operating expenses....................¥134.7 billion (–7.0%)
Operating income..........................¥3.0 billion (–8.8%)

The Other Businesses segment accounted for 9.9% of total operating revenues before eliminations.

Operating Revenues
(¥ Billions)



Operating Income/
Operating Income Margin
(¥ Billions / %)



Revenues decreased year on year at All Nippon Airways Trading Co., Ltd, which handles trading and sales operations. This decrease resulted from a decline in retail sales at airport stores due to the decrease in passengers, as well as declines in the volume of work handled in its aircraft and machinery operations.

Revenues increased at INFINI Travel Information Inc., which provides an international flight reservation and ticketing system for airlines and travel agencies, despite the adverse effects of the limited overseas travel and the cancellation of trips resulting from the H1N1 influenza pandemic. The increase primarily resulted from increased usage of its international flight reservation and ticketing system as demand for overseas travel centered on Asia recovered, supported by reduction and suspension of fuel surcharges until the second quarter and the strong yen.

Revenues decreased at ANA Information Systems Planning Co., Ltd., which develops and maintains systems for the ANA Group, despite work involving studies of domestic passenger systems for the fiscal year ending March 2011 in response to the aging of ANA's current backbone system and communication control system.

Consequently, operating revenues in other businesses decreased 7.0 percent year on year to ¥137.7 billion, and operating income decreased 8.8 percent to ¥3.0 billion.

Acting in accordance with the ANA Group's management vision, other businesses will aim to contribute to the collective strength of the entire Group and improve profitability by further solidifying the foundations of existing businesses, reconstructing internal systems, and increasing external transactions.

Management

Management Members and Group Organization

(As of June 21, 2010)

Back row, from left: K. Tonomoto, S. Mori, H. Ito, M. Kimura, K. Nakamura, H. Hora, T. Hidema, S. Katanozaka, K. Okada, A Okada, O. Shinobe, S. Takemura, and Y. Maruyama
Front row, from left: S. Nagase, Y. Ohashi, S. Ito and M. Morimoto

Board of Directors

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

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

Shin Nagase
Senior Executive Vice President,
Public Relations, CSR Promotion,
General Administration,
Legal & Insurance,
Chairman of CSR Promotion Committee,
Environment Committee,
Risk Management Committee and
Compliance Committee
2001: Senior Vice President
2004: Executive Vice President

Mitsuo Morimoto
Senior Executive Vice President,
Operations & Airport Services,
Corporate Safety and Audit,
Chairman of Safety Promotion Committee,
Operations Report Committee & Review
2004: Senior Vice President
2005: Executive Vice President

Tomohiro Hidema
Executive Vice President,
Investor Relations,
Group Business Development,
Finance & Accounting, Purchasing
2003: Senior Vice President
2004: Executive Vice President

Keisuke Okada
Executive Vice President,
Alliance & International Affairs,
Information Technology Services,
Chairman of Information Technology Strategy
2003: Senior Vice President
2004: Executive Vice President

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

Osamu Shinobe
Executive Vice President,
Corporate Planning, B787 Launch Project
2004: Senior Vice President
2007: Executive Vice President

Katsumi Nakamura
Executive Vice President,
Flight Operations
2005: Senior Vice President
2007: Executive Vice President

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

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

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

Kiyoshi Tonomoto
Executive Vice President,
Cargo Marketing & Services
2006: Senior Vice President

Shinya Katanozaka
Executive Vice President,
Marketing & Sales, CS Promotion,
Products & Services Strategy,
Chairman of CS Promotion Committee
2007: Senior Vice President

Akira Okada
Executive Vice President,
Operations & Airport Services,
Chairman of Operations Committee
2007: Senior Vice President

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

Shosuke Mori
External Director,
President and Director of
The Kansai Electric Power Co., Inc.
2006: External Director

Corporate Auditors

Kunitaka Kajita
External Corporate Auditor

Minoru Aimono
Corporate Auditor

Shinichi Inoue
Corporate Auditor

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

Tatsuo Kondo
External Corporate Auditor, Chairman of the Board, Hokkaido Electric Power Co., Inc.

Corporate Executive Officers

Osamu Asakawa
Senior Vice President, Marketing & Sales, President of ANA Sales Co., Ltd.

Eiji Kanazawa
Senior Vice President, Finance & Accounting

Ken Nishimura
Senior Vice President, General Manager, Regional Headquarter for International Sales, Tokyo Sales Office

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

Koichi Uchizono
Senior Vice President, President of Air Nippon Co., Ltd.

Hideo Yaguchi
Senior Vice President, Engineering & Maintenance

Akihiko Hasegawa
Senior Vice President, Operations & Airport Services, General Manager, Operations Management Center

Takashi Shiki
Senior Vice President, Personnel, President, ANA JINZAI University

Hiroko Kawamoto
Senior Vice President, Inflight Services

Hideyuki Shibuichi
Senior Vice President, Flight Operations, General Manager, Senior Captain's office & B787 Pre-operations Planning

Masato Ogawa
Senior Vice President, Marketing & Sales

Takanori Yukishige
Senior Vice President, Information Technology Services

Satoru Fujiki
Senior Vice President, The Americas, General Manager, New York & Washington D.C.

Kenji Inaoka
Senior Vice President, General Manager, Nagoya Sales Office

Miyoshi Ozawa
Senior Vice President, Operations & Airport Services, General Manager, Tokyo Airport

Fumio Asano
Senior Vice President, General Manager, Sapporo Sales Office

Toyoyuki Nagamine
Senior Vice President, Director, Employee Relations

Kenya Inada
Senior Vice President, General Manager, China

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

Kenji Kimura
Senior Vice President, General Manager, Osaka Sales Office

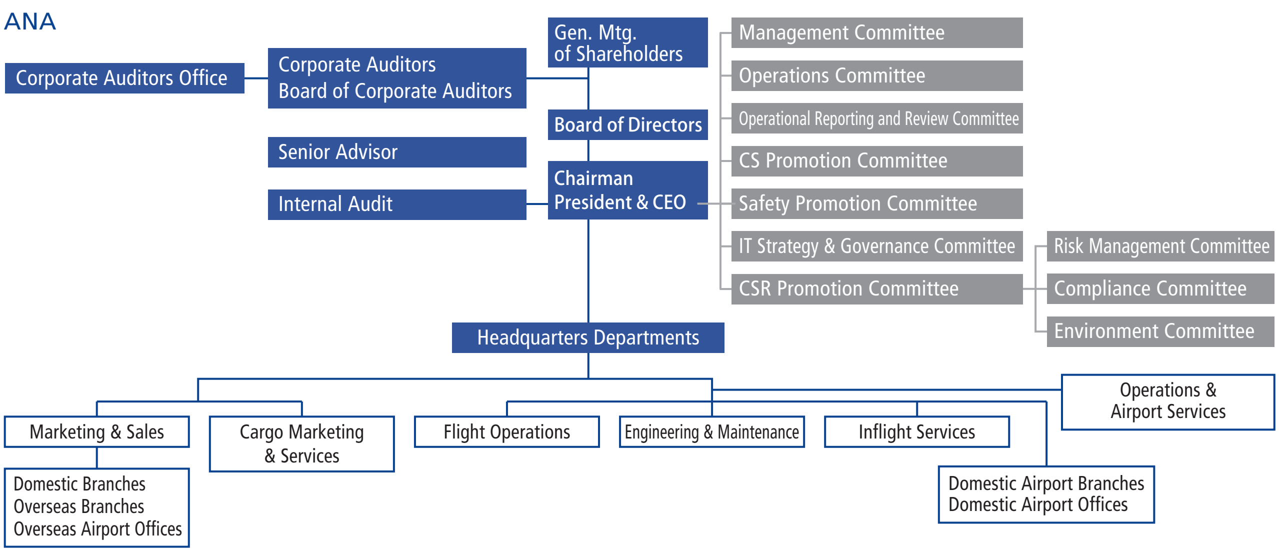
Haruo Ezuka
Senior Vice President, General Manager, Narita Airport President of ANA AIR SERVICE TOKYO CO., LTD

Shinzo Shimizu
Senior Vice President, Corporate Planning

Shuichi Fujimura
Senior Vice President, Europe, Middle East & Africa General Manager, London

◆ ANA Group Organization

ANA



ANA GROUP

Subsidiaries: 117
Affiliates: 47

Air Transportation
Air Nippon Co., Ltd.
Air Nippon Network Co., Ltd.
Air Japan Co., Ltd.
Air Central Co., Ltd.
Air Next Co., Ltd.
ANA & JP Express Co., Ltd.
Overseas Courier Service Co., Ltd.
International Airport Utility Co., Ltd.
ANA Catering Service Co., Ltd.
New Tokyo Airport Service Co., Ltd.
ANA Aircraft Maintenance Co., Ltd.
ANA Logistic Service Co., Ltd.

Travel Services
ANA Sales Co., Ltd.

Other Businesses
All Nippon Airways Trading Co., Ltd.
ANA Information Systems Planning Co., Ltd.
Sky Building Service Co., Ltd.
ANA Business Create Co., Ltd.

(As of March 31, 2010)

Corporate Governance

Fundamental Approach to Corporate Governance

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

Governing Bodies of the Company

ANA's management system comprises 17 directors, 5 corporate auditors, and 36 corporate executive officers (including those who are both directors and corporate executive officers). ANA's Articles of Incorporation stipulate that the number of directors shall not exceed 20.

Under the Corporation Law of Japan, important issues must be considered by the Board of Directors, which makes the final decision on such issues. All directors including the 2 external directors and the 5 corporate auditors including the 3 external corporate auditors attend meetings of the Board of Directors, which are led by the chairman.

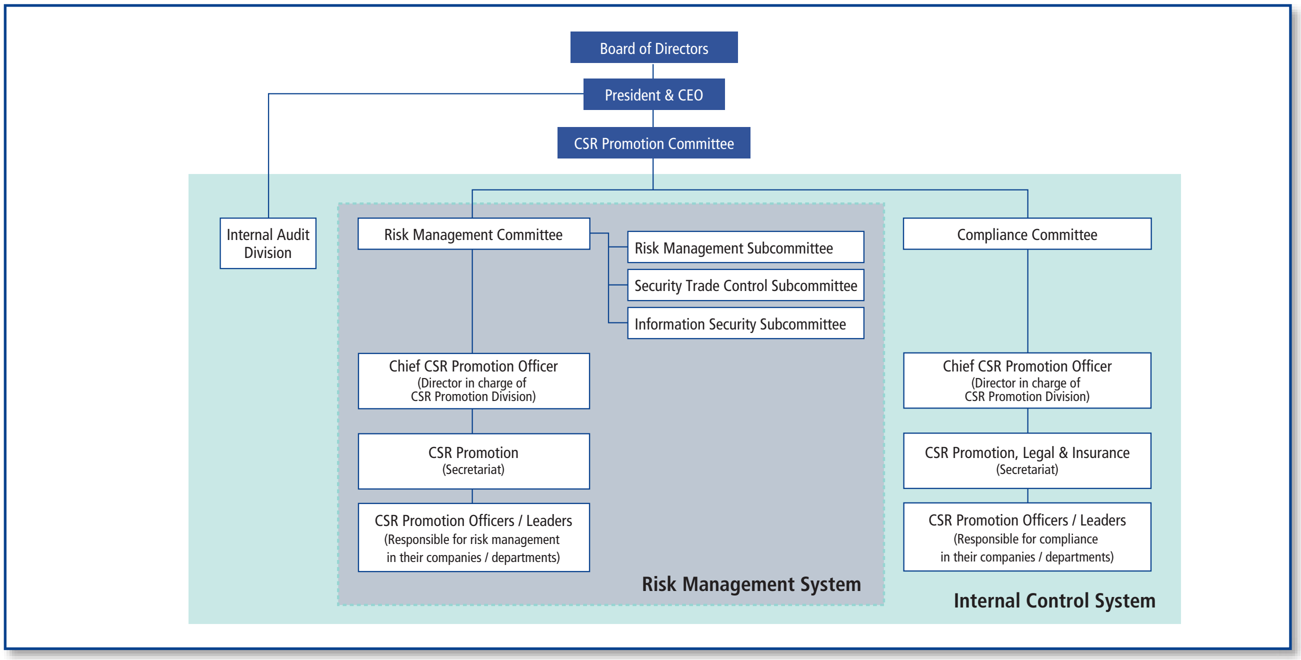
For important administrative issues, the Management Committee, which is chaired by the president and includes directors who are also corporate executive officers, corporate auditors and others as members, makes drafts and proposals, and decides on specific management activities. In addition, the executive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

Moreover, in order to hear frank and open opinions and advice about the ANA Group's management, ANA established the Advisory Board, which consists of 8 members with a range of backgrounds.

Enhancement of Internal Control System and Risk Management System

The ANA Group defines its internal control system as a framework built internally by management, and the processes using that framework carried out by everyone in the Group, with the four objectives of "business effectiveness and efficiency," "reliability of financial reporting," "observance of laws and regulations for business activities" and "conservation of assets." Specifically,

◆ Internal Control System and Risk Management System



considering risk management, compliance and internal audits to be instrumental in achieving these objectives, in April 2003, ANA founded its internal control system, which comprises the Risk Management Committee, the Compliance Committee, and the Internal Audit Division.

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

Risk Management

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

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

For the risk management approach with a preventative perspective, ANA is building a risk management cycle (identification → analysis → evaluation → study and implementation of controls and countermeasures → monitoring) with the goal of minimizing risk.

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

Compliance

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

At the top of the compliance promotion system is the Compliance Committee, which is composed of the senior managers responsible for compliance in each department. These are mainly corporate executive officers. Under this committee, the CSR Promotion Leaders conduct evaluations of the level of compliance awareness and promote and strengthen compliance throughout the ANA Group.

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

Internal Audits, Audits by Corporate Auditors, and Account Audits

The Internal Audit Division (11 members) conducts internal audits and reports directly to the president. It carries out operational audits, accounting audits and evaluations for ANA and Group companies pursuant to the "Evaluation System for Internal Controls for Financial Reporting" under the Financial Instruments and Exchange Law of Japan. The Division conducts regularly scheduled audits according to the plan for the fiscal year and unscheduled audits at the will of senior management. Scheduled audits are conducted from an independent and objective standpoint based on risk analysis of ANA's divisions and Group companies. Auditing results are reported to the president each month, and important items are also reported to the corporate auditors on a quarterly basis.

Audits by corporate auditors are performed by the 5 corporate auditors, 3 of whom are external corporate auditors. Each corporate auditor conducts audits of operations at each office and audits of subsidiaries and reports the results to the Board of Corporate Auditors and to the representative directors. The auditors share information and opinions with the Internal Audit Division and the independent auditors on a quarterly basis and work to enhance auditing.

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

◆ Independent Auditors Engaged in Audits

Name of Certified Public Accountant		Name of Audit Corporation
Engagement Partner	Kazuo Tanimura	Ernst & Young ShinNihon LLC
	Masatsugu Hamada	
	Mitsuo Cho	

Notes: 1. All the independent auditors have spent less than 7 continuous years auditing ANA. Therefore, figures for continuous auditing years have been omitted.
2. The audit corporation has voluntarily adopted a system whereby their executive officers cease from ANA account auditing after a specified period.

There are 12 certified public accountants and 14 other staff members assisting with audit services.

External Directors and Corporate Auditors

External Directors

As part of corporate governance at ANA, the Company appoints external directors to receive appropriate advice from them about ANA's management, because the Company has judged that it would further strengthen the management structure. ANA has 2 external directors: Mr. Misao Kimura and Mr. Shosuke Mori. In their positions on the Board of Directors, both use their abundant experience and broad insights as a manager within the transport industry and a manager of a business with a strong public interest, respectively, to make statements as they deem necessary. They also provide advice and exchange opinions with representative directors as needed outside of meetings of the Board of Directors.

External Corporate Auditors

ANA has three external corporate auditors: Mr. Kunitaka Kajita (full-time), Mr. Shingo Matsuo and Mr. Tatsuo Kondo.

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

Status of Independent Officers

Revisions to the Tokyo Stock Exchange Securities Listing Regulations in December 2009 made it obligatory for listed companies to secure independent officers who act from the point of view of protecting general investors. ANA has appointed five independent officers, Mr. Kimura and Mr. Mori, the external directors, and Mr. Kajita, Mr. Matsuo and Mr. Kondo, the external corporate auditors.

Efforts to Improve Corporate Governance in the Fiscal Year Ended March 2010

In the fiscal year ended March 2010, ANA made the following efforts to reinforce its internal control system, which is an important part of the infrastructure supporting effective corporate governance.

Risk Management Function

The ANA Group is strengthening overall risk management functions in its risk management activities. In the fiscal year ended March 2010, the ANA Group categorized major risks it has brought to light on the overall Group, division or individual Group company level and established policies in response, thus reinforcing its system for promoting a risk management cycle. Three e-learning seminars conducted during the year heightened individual awareness of risk management.

In addition, the ANA Group solidified measures in the field of information security by conducting Control Self Assessment (CSA) of workplaces handling the personal information of principal customers and consignees. In response to the H1N1 influenza pandemic, ANA Group executives and employees received education on preventing transmission. After the pandemic, the ANA Group gathered reports on transmission and observed its impact over time on ongoing operations to formulate countermeasures.

Compliance Function

Continuing its efforts from the previous fiscal year, in conjunction with its designation of every October as CSR promotion month in order to raise awareness of compliance, ANA conducted a compliance awareness survey within the Group and provided executive training with outside instructors and an e-learning information campaign during the fiscal year ended March 2010.

Internal Auditing Function

The Audit Division reports directly to the president. It audits the management and operating systems throughout the operations of ANA and Group companies, and also conducts activities such as studying, evaluating, advising and making proposals from the perspectives of the legal compliance of operating conditions, rationality and corporate ethics. In the fiscal year ended March 2010, the Audit Division audited the consistency of departments' action plans, and key areas in the management of departments' operations, with the Group's Mid-term Corporate Strategy. Audits were conducted in about 20 locations, focused on headquarters, the Engineering & Maintenance Department and overseas workplaces.

Meetings of Bodies Responsible for Corporate Governance

In the fiscal year ended March 2010, bodies responsible for corporate governance met the following number of times.

Board of Directors	13 times
Board of Corporate Auditors	7 times
Advisory Board	3 times
Management Committee	56 times
Operations Committee	12 times
CSR Promotion Committee	2 times
Risk Management Committee	3 times
Compliance Committee	2 times

Remuneration of Directors and Corporate Auditors and Audit Fees in the Fiscal Year Ended March 2010

Remuneration of Directors and Corporate Auditors

	Number Serving	2010 Remuneration Paid	2009 Remuneration Paid
Directors	17	¥394 million	¥474 million
(External Directors)	(2)	(¥10 million)	(¥11 million)
Corporate Auditors	7	¥78 million	¥88 million
(External Corporate Auditors)	(4)	(¥33 million)	(¥38 million)
Total	24	¥472 million	¥563 million

Note: As of March 31, 2010, there were 16 directors (including 2 external directors) and 5 corporate auditors (including 3 external corporate auditors).

Breakdown of Audit Fees

Breakdown of fees paid to certified public accountants and other parties	
Fees for certification of audit	¥132 million
Fees for non-audit services	¥25 million

Breakdown of Non-Audit Services for the Reporting Company from the Certified Public Accountants and Other Parties

Non-audit services for which ANA pays fees to certified public accountants and other parties are advisory services related to enhancing the internal control system for financial reporting.

Initiatives to Increase the Transparency of the General Meeting of Shareholders

ANA implemented e-voting to allow shareholders who do not attend the General Meeting of Shareholders to exercise their voting rights. In addition, since the June 2006 General Meeting ANA has been using an electronic voting platform to allow institutional investors to exercise the substantial proxy voting rights they own. Moreover, video coverage of the General Meetings is posted on ANA's website:

http://www.ana.co.jp/ir/soukai/index.html

Internal Control Report

The following is a copy of "the internal control report on financial reporting" submitted by management pursuant to the Financial Instruments and Exchange Law of Japan. It is included here as supplementary information.

1. Matters Concerning the Basic Framework of Internal Control of Financial Reporting

The Company's President and Chief Executive Officer Shinichiro Ito and Executive Vice President and Chief Financial Officer Tomohiro Hidema are responsible for maintaining and operating internal control of financial reporting.

The Company conforms to the basic framework of internal control stipulated in "On the Setting of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)," released by the Accounting Standards Board, as the generally accepted standards for internal control of financial reporting, and maintains and operates internal control of financial reporting.

Internal control involves organically linking the various basic elements and functioning as a single entity to attempt to attain such objective within a rational scope. Consequently, internal control of financial reporting may not necessarily completely prevent, or lead to the discovery of, misstatements in financial reporting.

2. Matters Concerning the Scope of Assessment, Record Date and Assessment Procedures

The Company made March 31, 2010, the final day of its fiscal year, the record date for assessment of internal control.

The Company's assessment of internal control of financial reporting conforms to generally accepted standards in Japan.

In assessing internal control of financial reporting, the Company conducted an assessment of the status of maintenance and operation of internal control on a consolidated basis across the entire company, selected processes that are highly likely to exert a significant impact on the reliability of financial reporting, and assessed whether the basic elements of internal control using IT related to the relevant process or operational processes were functioning.

The scope of the assessment of internal control of financial reporting covered the Company, its consolidated subsidiaries and affiliated companies accounted for by the equity method as required from the viewpoint of the materiality of their impact on the reliability of financial reporting.

For the procedures, methods and other factors used to decide the scope of assessment, a companywide scope was chosen in consideration of the materiality of its financial and qualitative impact on financial reporting. Subsequently, the Company rationally decided on the assessment scope of internal control of operational processes based on the results of assessment of companywide internal control. When selecting significant business locations, it was decided that the Company alone is a significant location because it accounted for approximately two-thirds of consolidated net income in the previous fiscal year's consolidated accounts.

Operational process related to net sales, accounts receivable and inventories were subject to the assessment as account items significantly involved in the business objective of the significant business location. Furthermore, with a scope that included business locations other than the Company, the Company conducted individual assessments as highly material and specific operational processes, in consideration of the impact on financial reporting of operational processes related to significant account items associated with estimates or forecasts where the probability of making misstatements is high, or operational processes related to transactions with a significant element of risk.

3. Matters Concerning Results of Assessment

As a result of implementing the aforementioned assessment procedures, the Company judged that as of March 31, 2010, it had valid internal control of financial reporting.

4. Supplementary Matters

None applicable.

5. Special Matters

None applicable.

Safety Management

Safety Management System

Approach to Material Themes

The safety management system (SMS) is a framework for all members from top management to frontline employees to work as one to achieve safety objectives in all areas of air transportation. In this section, we provide a comprehensive introduction to the basic concept of the SMS and its various functions.

ANA Group Safety Principles

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

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

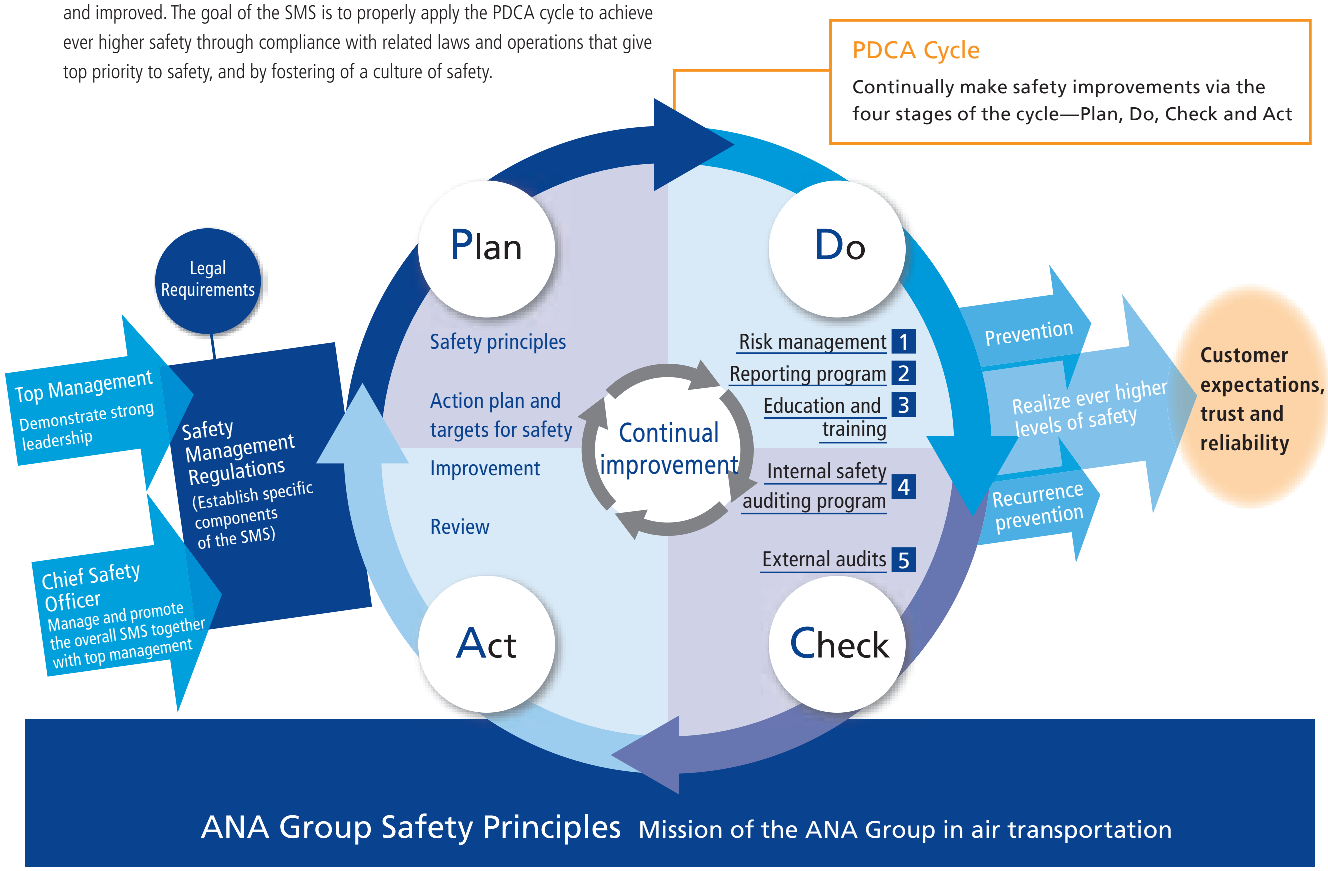
Safety is enhanced through individual performance and dedication.

Safety Management Regulations

In accordance with amendments to the Civil Aeronautics Act of Japan effective from October 2006, all airlines are required to establish a safety management system (SMS). Our SMS is designed to achieve safety objectives throughout the organization based on the strong leadership of top management. It covers all areas related to safe air transportation, including flight operations, maintenance, ground handling and cargo. We will maintain and manage risks within tolerable limits by identifying hazards and performing risk management while continually implementing PDCA (Plan-Do-Check-Act) cycles. The Safety Management Regulations, which are the primary safety rules of the ANA Group, stipulate specific rules in this regard.

◆ SMS Overview

Under the SMS, internal systems are created to maintain and enhance safety based on management policies prioritizing safety that are established by top management. The SMS requires that these systems be continually implemented and improved. The goal of the SMS is to properly apply the PDCA cycle to achieve ever higher safety through compliance with related laws and operations that give top priority to safety, and by fostering of a culture of safety.



Important aspects 1 through 5 of the Safety Management System are explained in detail below.

1 Risk Management

Risk management, a central component of the SMS, is an extremely important process that involves preventing incidents and accidents before they can take place. This is done by assessing risks based on safety reports and the significance and frequency of safety-related events that have occurred in the past, taking appropriate measures commensurate with risk levels and keeping risks within tolerable limits.

2 Reporting Program and Addressing Human Error

Risk management systems do not function without accurate safety information. As a matter of course, there are systems in place for making reports that are required by the company and government. But we also have a Voluntary Safety Report Program for reporting safety information related to risks and potentially hazardous situations (situations that caused concern or surprise, but did not materialize into an incident). It is important to encourage the active use of this program. This is why the airlines of the ANA Group have a policy of ensuring that no informants are treated disadvantageously, such as through disciplinary actions, in connection with voluntary reporting or reported events caused by human error.

3 Education and Training

The ANA Safety Education Center (ASEC) was established in 2007 to supplement specialized training programs at the division level. The center is a testament to our strong determination to never forget the lessons learned from past accidents and look directly at the facts of accidents. ASEC conducts training that is highly pertinent to day-to-day activities and rooted in considerations of what each and every ANA Group employee can do to ensure safe flight operations.

ANA Safety Education Center

4 Internal Safety Auditing Program

SAFER is a safety evaluation and review program for checking the Safety Management Systems of ANA Group airlines based on Group-wide safety audit standards to ensure they are functioning properly. SAFER auditors, who have extensive experience and knowledge and have been trained in accordance with specific requirements, operate from an independent perspective outside the organization and identify areas that tend to be overlooked within the organization. Their activities, which are based on international safety standards, lead to appropriate measures and improvements.

5 External Audits

External audits include transportation safety management assessments and on-site safety audit inspections conducted by the Japanese government (Ministry of Land, Infrastructure, Transport and Tourism) and audits performed by the International Air Transport Association (IATA). The government's transportation safety management assessments consist of direct interviews with airline presidents, chief safety officers and other people with important responsibilities in the area of safety management. The government assesses relative involvement in the SMS and how the system is functioning, providing recommendations as appropriate. The government's safety audit inspections consist of specialized, systematic audits and unscheduled inspections by government auditors affiliated with a professional safety auditing organization.

The IATA audits are conducted under the IATA Operational Safety Audit (IOSA) program, an international safety auditing initiative for flight operations. In 2004, ANA became the first Japanese airline registered by the program. Registration in the program is now a requirement for membership in the IATA. Six of the ANA Group's airline companies have already registered as of May 2010.

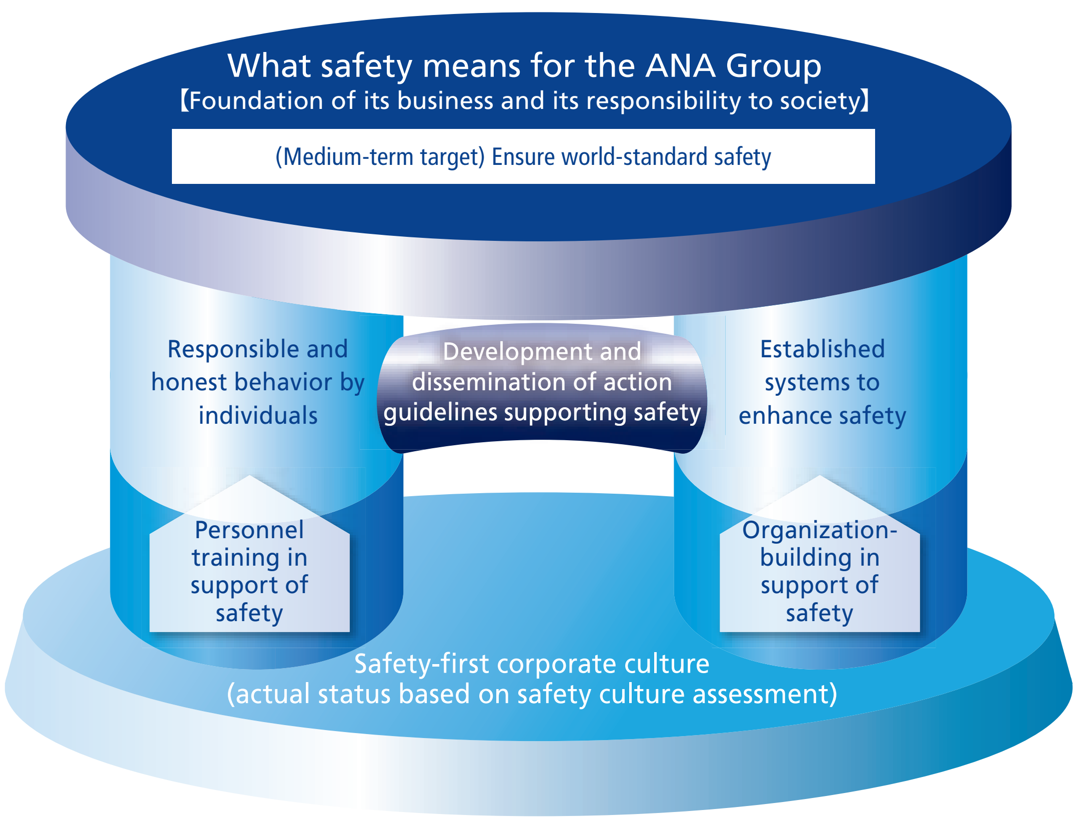
Information on safety issues and activities related to ANA Group airlines (including safety-related occurrences) is compiled each year into the Safety Report in accordance with Article 111.6 of the Civil Aeronautics Act of Japan. The report in Japanese is available to the public on our website.

http://www.ana.co.jp/ana-info/ana/lounge

ANA Group Medium-Term Safety Promotion Plan

Aiming to Achieve the World's Highest Safety Standards

Based on its safety management system, the ANA Group is working to further spread its safety-first corporate culture and enhancing safety management functions throughout the Group to reach its medium-term target of ensuring world-standard safety. With the safety-first corporate culture as its bedrock, the Group views "responsible and honest behavior by individuals" and "established systems to enhance safety" as the two pillars supporting safety. Personnel training in support of safety and organization-building in support of safety will strengthen those two pillars. In addition, the ANA Group has established action guidelines to link individual performance and creation of an organizational system, which will further enhance safety promotion and management systems throughout the Group.



CSR
(Corporate Social Responsibility)

CSR Feature:

Pleasing More Passengers

ANA Disability Desk (ADD)

The ANA Group is aggressively working to provide "Universal Service," which will allow a greater number of passengers to travel by air in safety and comfort.

ANA Disability Desk
Akemi Maeda, Deputy Director (left) / Kazumi Nishimura, Manager (right)

Providing Enjoyable Air Travel

The ANA Group considers it vital that all passengers enjoy safe and reassuring air travel.

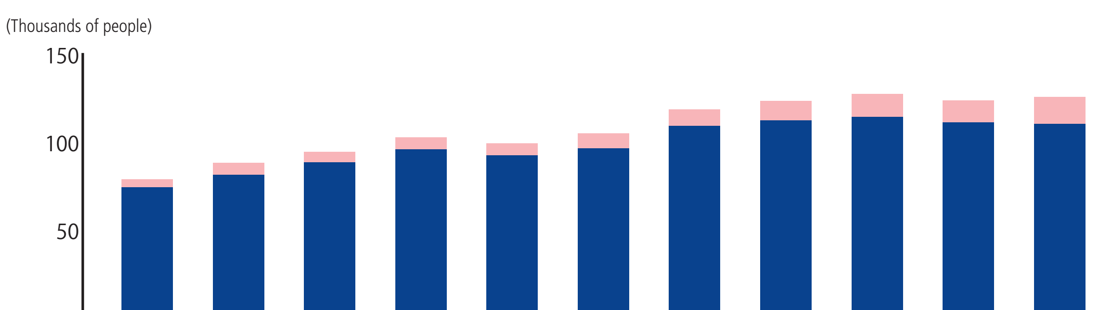
In January 1997, the ANA Group established the ANA Sky Assist Desk for passengers with special needs in airports or aircraft as part of our efforts to enhance customer satisfaction. We discuss passengers' needs ahead of time and provide individualized assistance for each customer.

We decided to review the scope of duties and role of the ANA Sky Assist Desk as we moved to step up the quality of our initiatives in order to provide universal service. In January 2010, we changed the name to the ANA Disability Desk (ADD) and broadened the range of services provided.

Though universal implies "ubiquitous" or "omnipresent," the ANA Group regards universal service as agreeable service provided to all regardless of disability, age, gender, race, nationality or other factors. Consequently, the scope of the ADD's activities extend beyond ANA Group flights to those of its domestic alliance partners.

The ADD has set in place various company rules and regulations to comply with the Air Carrier Access Act (ACAA 14CFR Part 382). Since May 2009, this act has applied to non-U.S. carriers flying to or from the United States and includes such requirements as allocating a bulkhead seat (priority seat) for passengers with certain disabilities and the handling of electronic equipment to aid people with disabilities.

◆ Customers Requiring Assistance



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
International routes	4,429	6,770	5,969	6,808	6,833	8,368	9,211	11,183	12,734	12,441	15,481
Domestic routes	73,931	81,110	88,032	95,370	92,010	96,092	108,837	111,723	113,937	110,769	109,733

(Years ended March 31)

A Wide Range of Assistance

When passengers use aircraft, many departments are involved, including passenger services, flight operations, in-flight services and marketing and sales. The ADD offers assistance across this wide range of fields. For example, it prepares wheelchairs for those who have difficulty walking, lends oxygen cylinders for in-flight use and special "assist seats" for those unable to remain in a sitting position, and arranges cabin stretchers for the bedridden, or those transferring hospitals.

In addition to responding directly to customers' requests, the ADD fulfills the important duty of making arrangements within the company, passing on the assistance requirements to divisions so that the passenger does not feel stress when dealing with other divisions or on board a flight. At times, the ADD makes preparations in consultation with medical personnel, such as confirming which medical equipment can be taken aboard a flight.

Start of a New Type of Support

In conjunction with the establishment of the ADD, we completely renewed the Travel Assistance for Disabled Customers section of the ANA Group website ANA Sky Web to make its functions and details more accessible to those with disabilities.

In addition, the ANA Telecommunication Relay Service for the hearing impaired began in February 2010. ANA set up this free-of-charge* service with the cooperation of Plus Voice, a social welfare solutions company. A Plus Voice operator places calls to the ANA Group Reservation/Information Center or elsewhere on behalf of the hearing or speech impaired, or others who cannot use the phone. Customers can select the communication method that best suits them, including Japanese sign language via videophone, fax, e-mail and online text messaging.

The ANA Group will continue working to enhance the ADD and its passenger services to meet the needs of a wide range of customers.

* Customers must pay the transmission and telephone charges for calls to Plus Voice. Separate monthly fees apply for such services as providers when using TV phones or online text messaging.

The new-look Travel Assistance for Disabled Customers section of ANA Sky Web
http://www.ana.co.jp/share/assist_eng/

Assist seat (special seat for passenger unable to remain in a sitting position)

Cabin stretcher

Airport wheelchair

The ANA Group's CSR

ANA Group's Corporate Philosophy

The ANA Group pursues CSR activities to impart a sense of security and earn the trust of all stakeholders, with each and every employee prioritizing safety in all of their activities, in line with the ANA Group Philosophy.

Our Commitments

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

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

Course of Action

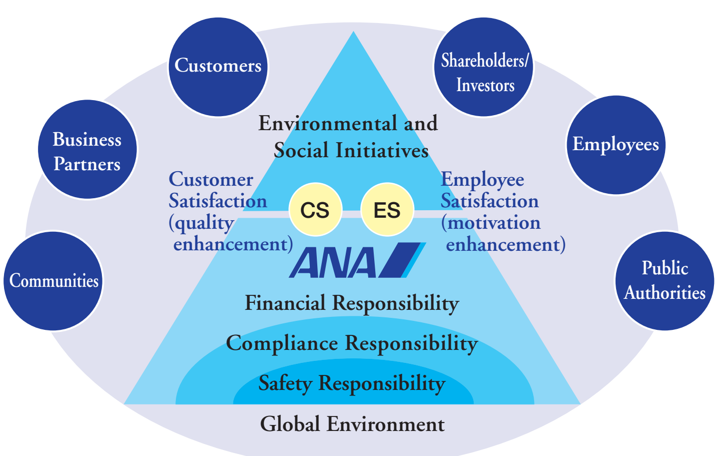
1) Maintain top priority on safety
2) Customer oriented
3) Contribute to society
4) Embrace new challenges
5) Debate with active interest, decide with confidence, and execute with conviction
6) Build a powerful ANA Group by effectively using human resources and focusing on teamwork as a competitive strength

ANA Group's Corporate Vision

With air transportation as its core field of business, the ANA Group aims to be one of the leading corporate groups in Asia, providing passenger and cargo transportation around the world.
Being the leader in Asia means that we will become:

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

Basic Perspective



In addition to our underlying commitment to safety, we will fulfill our responsibilities to stakeholders by taking the following three steps:

1. We will fulfill our economic responsibility* by ensuring safety and compliance (the base line).
2. To improve quality and employee motivation, we will fulfill our responsibility to customers by enhancing CS (Customer Satisfaction) and to employees by increasing ES (Employee Satisfaction).
3. We will help to solve social and environmental issues.

* Economic responsibility entails implementing thorough risk management and operating the business effectively and efficiently. Together with compliance responsibility, this serves to reinforce the internal control system.

Relationships with Stakeholders

The ANA Group has many different stakeholders, including customers, shareholders and investors, business partners, employees, local communities, and public authorities. Our CSR is to work to ensure a sustainable co-existence with society through clear communication with all stakeholders, while fulfilling our responsibilities to them by continuously enhancing our corporate value.

Customers
Provide detailed services reflecting customer feedback in every way based on the foundation of maintaining safe flight operations.

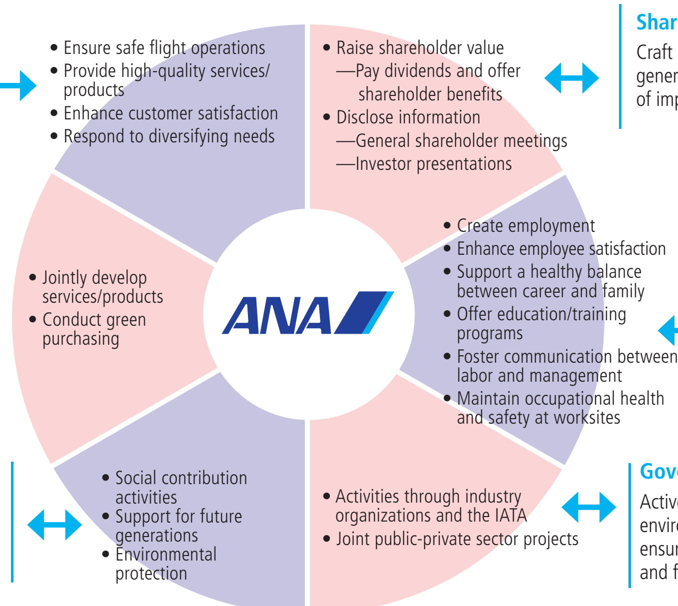
Shareholders and other investors
Craft a strong enterprise capable of generating stable earnings, with the aim of improving shareholder value.

Business partners
Conduct fair trading while maintaining legal and regulatory compliance based on the ANA Group Purchasing/Transaction Guidelines.

Employees
Support independent personal growth and diverse working styles for employees irrespective of age, gender, or nationality, and respect their human rights.

Communities
Take active steps to contribute to people and the Earth by deepening ties with regions and societies where the ANA Group conducts business.

Government
Actively contribute to the solution of environmental and societal issues, while ensuring legal and regulatory compliance and fulfilling tax and other obligations.



Participation in the UN Global Compact

In May 2008, the ANA Group signed the United Nations Global Compact, which calls for companies to observe 10 principles in the areas of human rights, labor, the environment and anticorruption. Going forward, the ANA Group will make the most of its participation in the United Nations Global Compact by taking the initiative to conduct business activities as a good corporate citizen.

THE GLOBAL COMPACT
WE SUPPORT

Customer Satisfaction (CS) Initiatives

Making Every Effort to be Customer-Oriented

Guided by a commitment to being customer-oriented, the ANA Group is working to improve service by actively identifying issues based on frank customer feedback. In this section, we take a look at the ANA Group's approach and concrete initiatives toward Customer Satisfaction (CS).

The ANA Group's Product and Service Quality Management

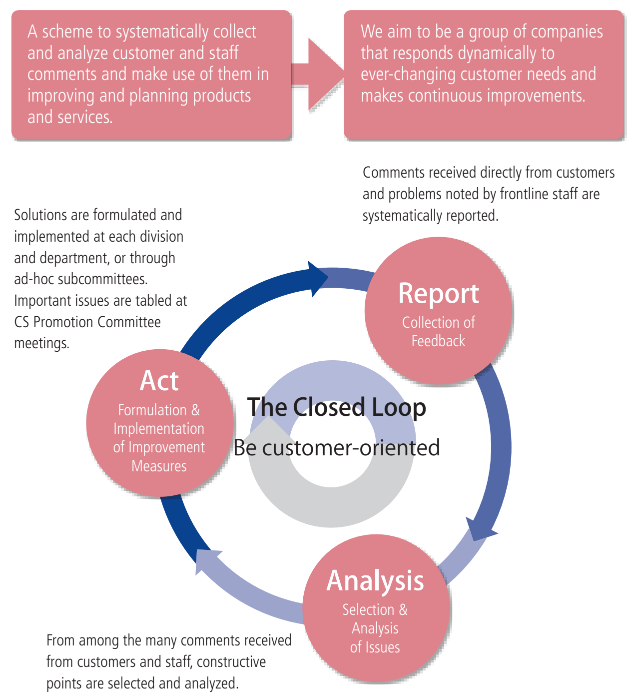
To enhance the quality of the products and services it provides to customers, the ANA Group evaluates its current quality, studies methods to improve it, and plans new products and services that reflect the improvements.

The Customer Satisfaction Survey involves regularly asking customers to complete questionnaires which we use to evaluate customer satisfaction and improve various services based on positive feedback. Quality Check comprises internal inspection and external assessment using evaluation standards stipulated under internal regulations. The Closed Loop involves compiling feedback from customers and suggestions from frontline staff members into reports in order to identify unresolved issues and improve every division and layer of the entire Group.

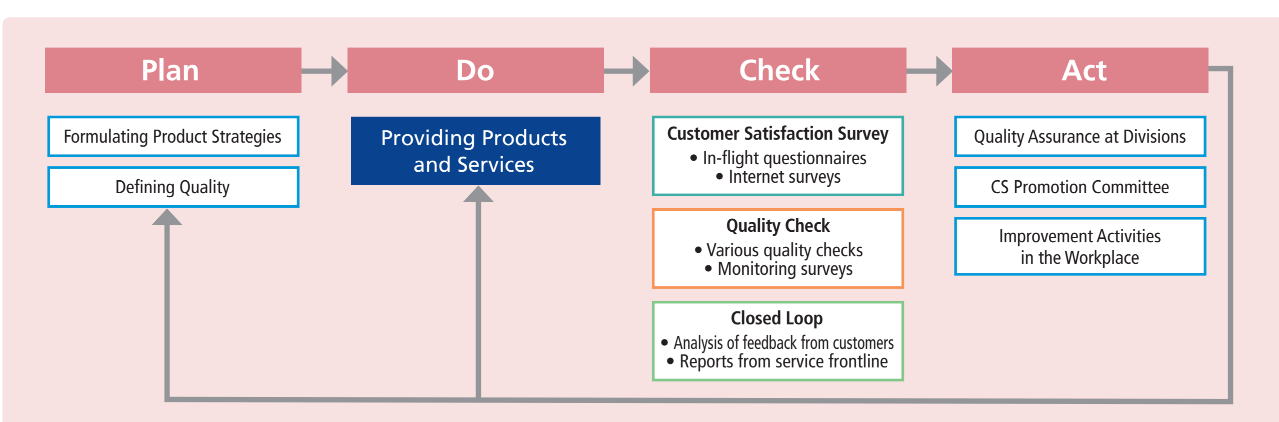
The ANA Group utilizes these three quality management tools to enhance the quality of its products and services, and in the year ended March 2010 prepared a record 65,101 reports based on the Closed Loop. Issues are identified and analyzed based on these reports, improvement measures are formulated and implemented, and customer feedback is again collected. This Closed Loop cycle is designed to resolve issues in a way that fully recognizes the customer's point of view. Utilization of this cycle allows us to flexibly accommodate customer viewpoints, which are constantly changing.

The ANA Group values customer feedback and uses it to improve services and create products.

◆ The Closed Loop



◆ Overview of Service Quality Management



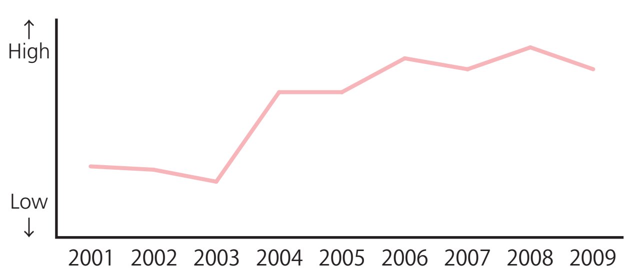
Customer Satisfaction Index

We believe enhanced quality is linked to greater customer satisfaction, which leads to creating value. The ANA Group conducts surveys twice yearly to regularly monitor the level of customer satisfaction. We compile over 20,000 questionnaires completed by passengers on domestic and international routes. These questionnaires go beyond services provided at airports or on aircraft to evaluate every aspect of our dealings with customers.

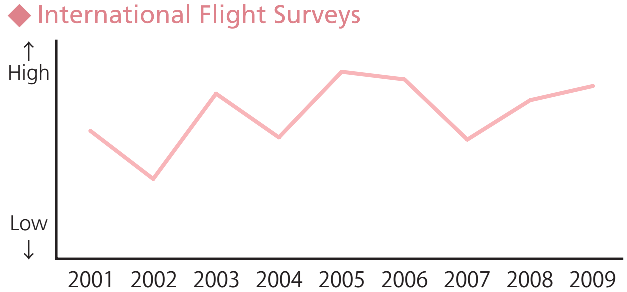
Every division of the ANA Group, not just the CS Promotion Division that supervises overall Groupwide CS activities, thoroughly analyzes the results in detail and devises policies for improvement. This enhances customer services and product appeal and leads to future product development. We assign a numerical value to survey results based on customer feedback, allowing us to quantify quality and customer satisfaction within every division and among all Group companies. Over time this figure changes, and we set targets in order to imbue the desired level of quality and customer satisfaction among all Group employees.

The Customer Satisfaction Index has steadily improved since surveys were initiated, but the ANA Group remains committed to being customer-oriented, enhancing quality from its customers' viewpoint in every division of the Group.

◆ Domestic Flight Surveys



◆ International Flight Surveys



The Brand Vision of "Creating Personal and Positive Experiences with Our Customers"

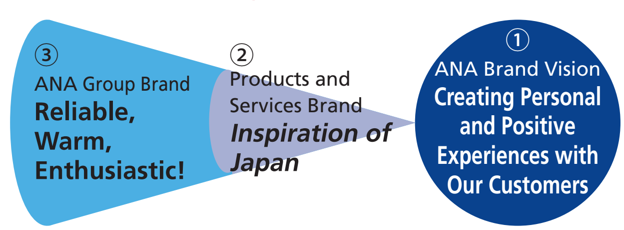
We want to be an airline that grows by creating positive experiences together with our customers and colleagues. If customers do not have positive experiences, we cannot have positive experiences. We have a brand vision of "Creating Personal and Positive Experiences with Our Customers."

The ANA Group conducts CS activities that center on developing employee awareness and quality management of products and services based on customer feedback.

The foundation of enhanced CS is Group employee awareness. We at the ANA Group are like a sunflower that blooms as it always faces the sky, which represents our customers. Each employee who embraces this view, and the "Reliable, Warm, Enthusiastic!" mindset that is the strength of our employees and our organization, increase our CS level, helping us to build a stronger brand and enhance brand value.

The ANA Group Brand of "Reliable, Warm, Enthusiastic!" is the strength of our employees and organization that forms the foundation of the ANA Brand Vision. Our products and services brand "*Inspiration of Japan*" represents our strength in regularly seeking advanced and exciting products and services. Based on these brands, we will raise the value of our communication with customers to realize the ANA Brand Vision of "Creating Personal and Positive Experiences with Our Customers."

◆ ANA Brand Concept



• Creating Personal and Positive Experiences with Our Customers through ANA's *Tanabata* Dedications

Tanabata is the Japanese star festival, related to the Chinese star festival. The ANA Group conducted *Tanabata* dedications during July at all air terminals in Japan and some international terminals (Frankfurt am Main Airport, Beijing Capital International Airport and Shanghai Pudong International Airport).

We prepared strips of paper and bamboo grass in the lobbies of each airport, asked customers to write a wish on the paper and then to tie the paper onto the bamboo grass. On August 10, employees of the ANA Group or agencies that support ANA's flights took the wishes gathered from across the country and made an offering of them at the Ashikaga Orihime Shrine in Ashikaga City, Tochigi Prefecture.

Employees involved in the project at airports and at the shrine said that through these efforts, they were once again able to sense the meaning of the expression "Creating Personal and Positive Experiences with Our Customers" and the value of their work.

Note: With a history and traditions extending over 1,200 years, the Ashikaga Orihime Shrine is said to enshrine the god who protects Ashikaga textiles. Textile weaving symbolizes the ties that bind men and women and the shrine is known for blessing good matches between couples.

Toward Establishment of a Supportive Corporate Culture

Safety, punctuality and the maintenance and enhancement of the basic quality of day-to-day operations are absolute propositions for us as an airline. We expend considerable energy on work management that does not tolerate mistakes and investigates causes and takes preventative steps against recurrence if mistakes do occur.

On the other hand, relying on this type of management alone may rob employees of their initiative and apply a brake on the autonomy they need to add value through their own creativity and effort. We at the ANA Group use support in management to draw out employees' enthusiasm and autonomy, which will heighten the added value created through each individual employee's work. Below are some examples of the initiatives we conduct.

Payslips: Delivering Customer Feedback to Employees

ANA has been printing customer compliments on the cover sheets of monthly pay slips since October 2004.

This practice, proposed by an employee, was initiated to raise everyday awareness of CS on the part of employees. It is just one more step toward our brand vision of "Creating Personal and Positive Experiences with Our Customers."

ANA payslip

Good Job Cards: Praising Colleagues' Work

Among frontline staff members, we are promoting the exchange of Good Job Cards, where employees who find something praiseworthy in a colleague's work write it down on a card and pass it to the colleague. This system utilizing praise of colleagues' work is useful for creating interest in what others are working on, while engendering an atmosphere where employees always take pride in their jobs and the jobs of those working with them.

Good Job Card

ANA's Episode: Sharing Positive Experiences that Colleagues Have Created

We gather the hundreds of compliments received annually from customers and the many compliments collected from within the Group's various divisions and publish them in a collection titled *ANA's Episode*, which is distributed within the Group. Sharing the positive experiences of our work colleagues and customers helps employees rediscover the value they created through their work and gives them confidence and pride in being a member of the ANA Group to enhance their motivation to become employees conscious of CS.

ANA's Episode

Enhancing Universal Tourism

Tour Assist Desk Established

ANA Sales Co., Ltd. is working to enhance "Universal Tourism" initiatives, which are aimed at ensuring that elderly customers and customers with disabilities are able to enjoy safe and pleasant travels. In February 2009, we established the Tour Assist Desk to provide professional services, which had previously been handled by the reservations center. The desk's three-person staff has specialized knowledge and experience it draws on to promptly and conscientiously address questions from customers using ANA Hallo Tours for international travel or ANA Sky Holiday for domestic trips.

Tour Assist Desk staff members

Seamless Assistance from Reservation to Destination

Given its position as a travel agent affiliated with a major airline group, ANA Sales Co., Ltd. is able to provide seamless assistance for customers, from reservations to airport procedures, in-flight services and assistance at destinations—all of which helps to ensure peace of mind for customers.

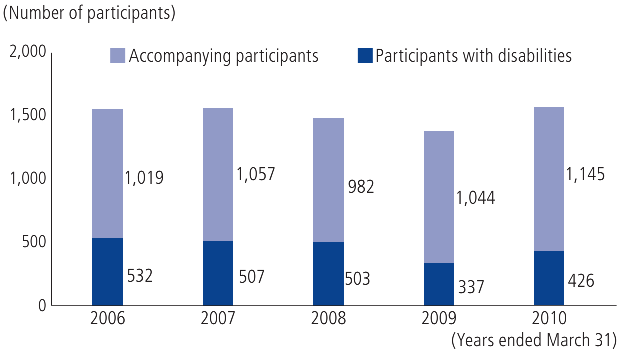
As an actual example, the Tour Assist Desk provided the following assistance to a passenger who had difficulty walking and required the use of a portable oxygen cylinder.

- A wheelchair was provided from the check-in counter to the boarding gate.
- Information was provided on procedures for bringing the portable oxygen cylinder on board, documents were explained, assistance was provided for preparations, and the oxygen cylinder supply company was contacted.
- The airline (ANA Disability Desk) was contacted and requests made.

Our goal is to help all customers participate in the same process and enjoy their travels in the same basic way, regardless of age or disability, except when it is physically impossible to do so due to issues such as insufficient facilities.

We intend to continue improving customer service. The Tour Assist Desk will serve as a source of information on Universal Tourism as we strive to share its expertise with the entire ANA Group.

◆ Number of ANA Hallo Tour Participants with Disabilities



Tour Assist Desk website (in Japanese only)
http://www.ana.co.jp/travel/info/assist/

Improvement Measures Based on Customer Feedback

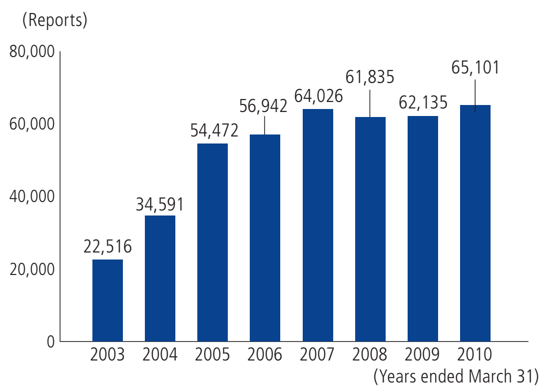
Feedback received from customers by our Customer Desk and suggestions from frontline staff members are compiled into reports, shared internally and put to good use. In this section, we provide an overview of reports prepared in the fiscal year ended March 2010.

Overview—Number of Customer Feedback Reports

- In the fiscal year ended March 2010, we prepared a record 65,101 customer feedback reports, a year-on-year increase of 0.5%.
- The percentage of sales-related reports increased 5 percentage points year on year, and cabin-related reports decreased 4 percentage points.

◆ Customer Feedback Reports by Year

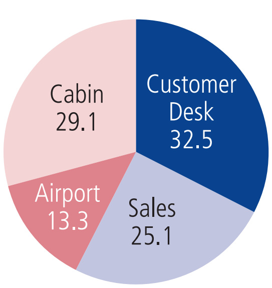
(Total of Customer Desk, cabin, airport, and sales reports)



◆ Breakdown of Customer Feedback Reports

(Year ended March 31, 2010)

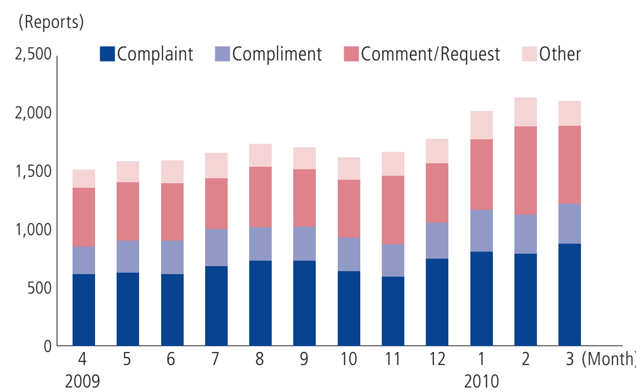
(%)



Trends in Customer Reports

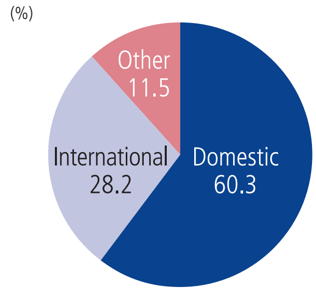
- Of all customer feedback reports, those received by the Customer Desk (customer reports) numbered 21,174, an increase of 5% year on year.
- On a monthly basis, the number of reports increased substantially from January 2010 to over 2,000 per month. In particular, there were more reports in February and March than there were in September 2008, when the passenger check-in system for domestic flights malfunctioned.
- Reports related to domestic routes accounted for more than 60% of the total. Although the number of passengers on international routes is only about 10% of total passengers, the number of reports related to international routes was nearly the same year on year at close to 30%.
- By type of feedback, the percentage of complaints has decreased every year from close to 60% for the fiscal year ended March 2008 to about 50% for the fiscal year ended March 2009 and about 40% for the fiscal year ended March 2010.

◆ Customer Reports by Month



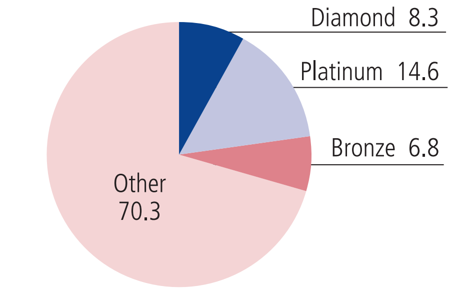
◆ Composition of Domestic/International Flights

(Year ended March 31, 2010)



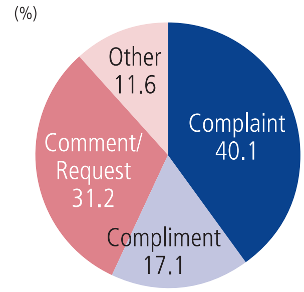
◆ Composition by Membership Type

(Year ended March 31, 2010)



◆ Composition by Feedback Type

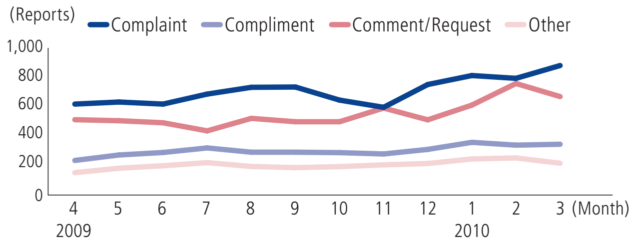
(Year ended March 31, 2010)



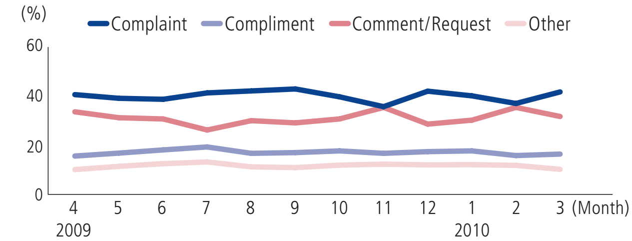
Trends in Customer Reports by Type

- The number of complaints was relatively constant from April 2009, but began to increase from January 2010 due to factors including the cancellation of the reservations center toll-free number and the *ANA My Choice* press release. (The number of reports per million passengers showed the same trend.)
- The number of comments/requests followed the same uptrend, resulting in essentially the same percentages of comment/request and complaint reports in November 2009 and February 2010.

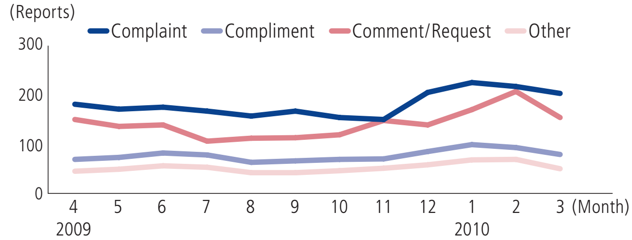
◆ Number of Reports by Feedback Type



◆ Composition by Feedback Type



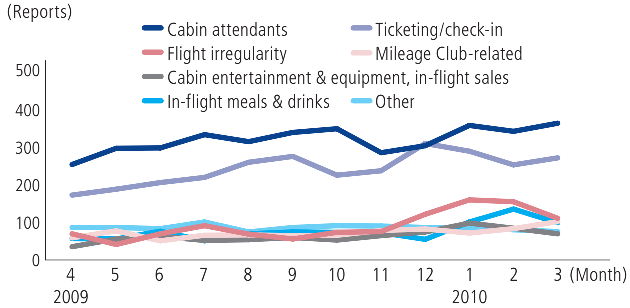
◆ Reports per Million Passengers by Feedback Type



Trends in Customer Report Topics

- By report topic, cabin attendants and ticketing/check-in regularly accounted for the largest percentages of the total.
- In December 2009, the number of ticketing/check-in reports increased due to the beginning of stricter enforcement of baggage rules.
- In February 2010, the number of in-flight meals & drinks reports increased due to the January 29 announcement that in-flight meals and drinks would no longer be free as a result of the expansion of *ANA My Choice.*

◆ Number of Reports by Topic



◆ Top 15 Topics

		Total reports for fiscal year ended March 2010
1	Cabin attendants	3,915
2	Ticketing/check-in	2,966
3	Flight irregularity	1,111
4	Other	1,048
5	In-flight meals & drinks	939
6	Mileage Club-related	885
7	Cabin entertainment & equipment, in-flight sales	779
8	Check-in to boarding	778
9	Seats/cabin facility-related	736
10	Checked luggage accident, loss	664
11	Reservations center	644
12	Fares/tickets	611
13	Lounge	551
14	Flight schedule	551
15	Flight crew-related	485

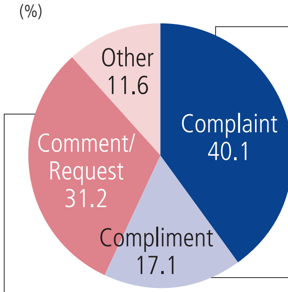
Breakdown of Feedback by Type

- Looking at the breakdown of feedback by type, ticketing/check-in, cabin attendants and flight irregularities together accounted for less than 50% of all complaints.
- Comments/requests were spread out over all topics.
- Cabin attendants accounted for the majority of compliments, followed in descending order by ticketing/check-in and flight crew-related topics.
- The percentages of complaints, comments/requests and compliments were all essentially unchanged for each topic year on year.

◆ Composition of Feedback by Type (Breakdown)

(Year ended March 31, 2010)

(%)



Breakdown of Complaints by Topic

(%)

Ticketing/check-in	20.0
Cabin attendants	18.0
Flight irregularity	9.2
Reservations center	4.9
Check-in to boarding	4.8
Mileage Club-related	4.3
Checked luggage accident, loss	3.7
Seats/cabin facility-related	3.3
In-flight meals & drinks	3.0
Airport security check	2.7
Fares/tickets	2.4
Lounge	2.3
Arrival area	2.2
Other	19.3

Breakdown of Comments/Requests by Topic

(%)

Ticketing/check-in	8.7
In-flight meals & drinks	8.0
Flight schedule	6.8
Cabin attendants	6.5
Cabin entertainment & equipment, in-flight sales	6.3
Mileage Club-related	6.0
Seats/cabin facility-related	5.9
Fares/tickets	5.2
Lounge	4.1
Reservation methods other than telephone	4.0
Flight irregularity	3.5
Check-in to boarding	3.5
Sales promotions and advertising, etc.	2.4
Aircraft-related	2.2
Opinion of ANA overall	2.2
Other	24.9

Breakdown of Compliments by Topic

(%)

Cabin attendants	52.6
Ticketing/check-in	14.3
Flight crew-related	7.0
Arrival area	3.8
Check-in to boarding	3.4
Reservations center	3.2
In-flight meals & drinks	2.3
Other	13.6

Examples of Improvements Based on Past Customer Feedback

Customer Feedback: Domestic Route

"Please make refunds for cancelled flights available the next day on the Internet."

"My flight was cancelled due to inclement weather. I heard that refunds were available via the Internet, so I went through the refund procedures at home the next day, but couldn't finish them even though I followed the written instructions. I ended up using the phone."

(Male, 44 years old)

Improvements

Refund procedures can also be completed via the Internet the day after a flight cancellation or later.

Sorry for the inconvenience.

Refund procedures via the Internet could previously only be completed on the day of a cancellation. On the next day and thereafter, customers called the ANA reservations center or visited ANA counters to complete the procedures. Since April 1, 2009, refund procedures for flights cancelled due to bad weather and other reasons can be completed up to 10 days after the cancellation via the ANA website (ANA SKY WEB) or our mobile phone site (ANA SKY MOBILE). In addition, refunds can be made via the Internet for tickets purchased at ANA counters and travel agency outlets.

Moreover, transaction or refund fees do not apply (bank transfer fees are borne by the customer).

Notes:
1. Depending on the type of ticket, refunds via the Internet may not be possible for package tour tickets or promotional products purchased from travel agencies, or tickets purchased with ANA@desk coupons or complimentary shareholder coupons.
2. Refunds via the Internet are limited to single purchases using credit cards, cash (including payment via Edy cards, gift coupons and debit cards) and e-coupons.

Customer Feedback: Domestic Route

"Please make it possible to board Bombardier DHC8 aircraft safely and without getting wet on rainy days."

On rainy days, my baggage and pants get wet because there is no cover on the gangway. There are transporters to keep people dry at some airports, but I do not like getting rained on when boarding or deplaning at regional airports that do not have such vehicles.

(Male, 37 years old)

Improvements

We have expanded our fleet of transporters to keep passengers dry to include regional airports.

Sorry for the inconvenience.

We have newly developed transporters (Rainshelters), which were previously only in use at Itami, Kochi and Matsuyama airports, and deployed them at Kansai and Chubu airports. In addition, at Fukuoka Airport we developed a new passenger step vehicle for small aircraft that allows passengers, including those in wheelchairs, to board without getting wet. We remain committed to improving convenience for customers by further expanding our fleet.

Note: The scheduled arrival terminal is subject to change depending on flight status.

A Rainshelter, codeveloped with ANA Group company ANA MOTOR SERVICE CO., LTD.

Passenger step vehicle for small aircraft, codeveloped with TCM Corporation

Employee Satisfaction (ES) Initiatives

Human Assets Investment Strategy

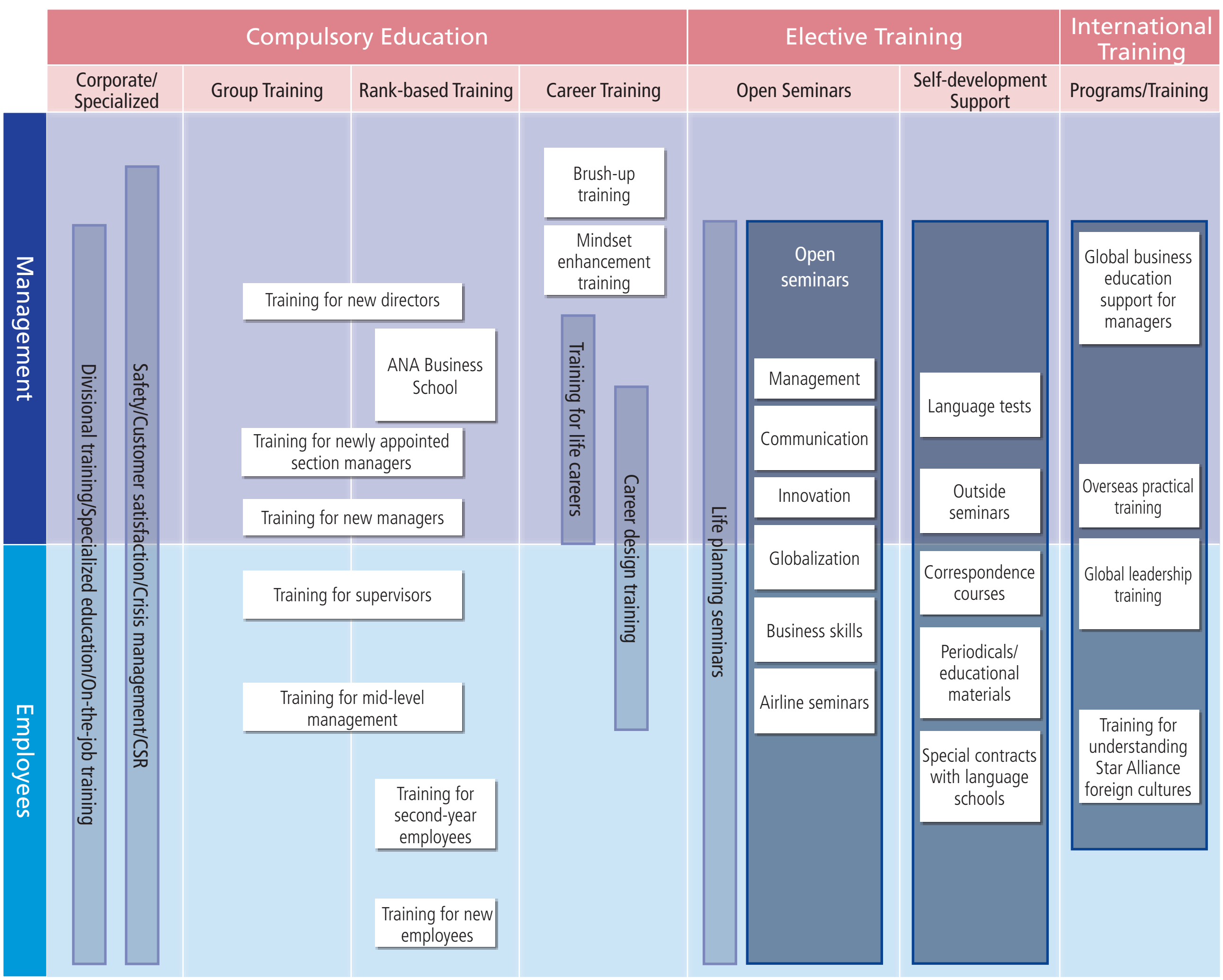
In order to take full advantage of opportunities for business expansion and Group growth, including opportunities associated with increased flight slots at airports in the Tokyo area, we have formulated the "Group Human Assets Investment Strategy for 30,000 Motivated Personnel Fiscal 2008–2011." Under this strategy we will actively invest in the human assets who are the driving force behind growth. We will focus on safety, the Group, innovation and globalization and create programs for motivating employees, our human assets, and enabling them to fully demonstrate their abilities.

Investing in Human Assets

(Because Our People are the Source of Our Value)

- Develop and reward people who can deliver safety and operational performance
- Unleash the combined strength of the Group
- Create innovation by establishing a diverse workforce and diverse ways of working
- Nurture the people we need to support the globalization of our business and contribute to international society

◆ ANA Human Resources Development System



Diverse Human Assets Development Programs

The ANA Group works to enhance the value of its human assets by investing in those human assets as the driving force behind overcoming the challenging current business environment and succeeding in the future. Foremost in ANA's activities are its respect for people, belief in their potential and the importance of nurturing them.

In addition to enhancing specialized training for employees such as flight crew, cabin crew and maintenance staff who support day to day flight operations, ANA established the ANA JINZAI (Human Assets) University in 2007 to provide human assets training, including existing programs such as rank-based and elective training.

Training is given by lecturers from inside and outside the ANA Group, and incorporates such methods as on-site courses and Zen meditation to heighten its effectiveness. To deepen Group management we are promoting sharing of rank-based and elective training throughout the Group to foster common values and raise the level of human assets.

These development programs support the autonomous career development of all Group employees and promote an environment where individual employees can display their capabilities to the maximum possible extent in their respective roles.

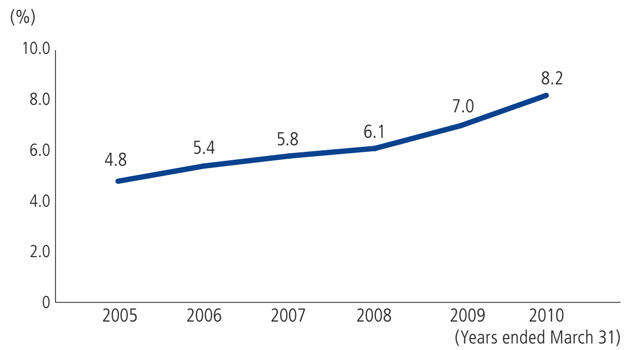
Zen meditation study

Promoting Success for Women

We are promoting diverse working methods and advancement for women as part of the "Group Human Assets Investment Strategy for 30,000 Motivated Personnel Fiscal 2008-2011," which calls for an action plan of promoting diverse human assets and diverse working styles to foster innovation. Specifically, through measures such as giving women career training, establishing a mentor system, under which senior employees provide ongoing direction and support for junior and new employees, and introducing role models through an intranet, we support women in their careers. Our support for working mothers includes holding seminars for women who are pregnant or on maternity leave and introducing a system that offers the option of shorter working hours or partial employment. As a result, the number of employees taking maternity leave is increasing annually and nearly all of them return to the workforce, which is testament to the clear success of the program.

The ANA Group has a large female workforce, including cabin attendants and airport passenger service staff. Female employees make up approximately 50% of ANA itself. We are actively hiring women for career-track administrative and maintenance positions and flight crews and working to increase the percentage of women in management positions.

◆ Female Managers at ANA

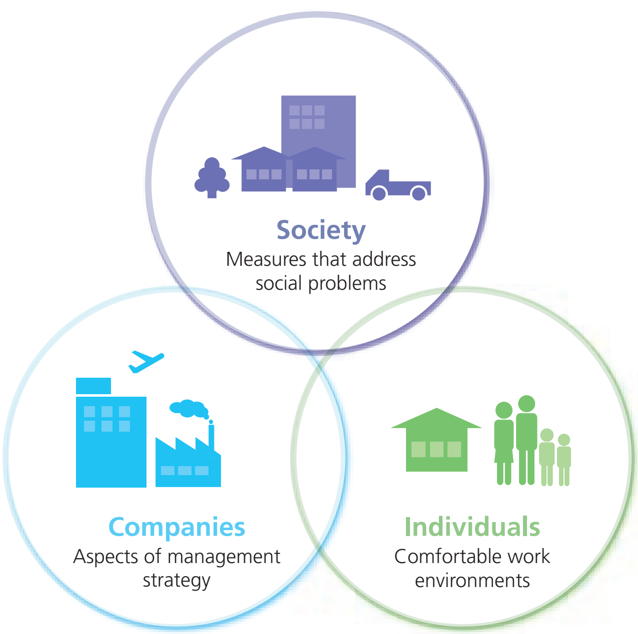


Further, in the fiscal year ended March 2009 we started a service that introduces female employees to role models on our internal website in order to further enhance their enthusiasm for work at ANA. A career discovery seminar was also held to help female employees discover the type of career that would suit them best.

Mentor training course

Promoting a Better Work-Life Balance

Better work-life balance seeks not only to heighten individual employees' work capabilities; it is also expected to raise output in a short time and thus is connected to the development and growth of employees and the ANA Group. In the fiscal year ended March 2010, we actively engaged in making operations more efficient through such activities as strengthening the management structure and being thorough with work rules. As a result, we significantly reduced year-on-year overtime hours, with the annual group-wide employee satisfaction survey showing that employees felt satisfied with that achievement. Through speeches by influential speakers, "Mom and Dad's Workplace Visit" days and dissemination of information and awareness raising activities through the intranet, we promote an understanding of work-life balance among Group employees. We believe that creating an environment in which each employee can rethink his or her own working style to contribute enthusiastically over a long period of time will help vitalize individuals, companies and society.



Detailed Report

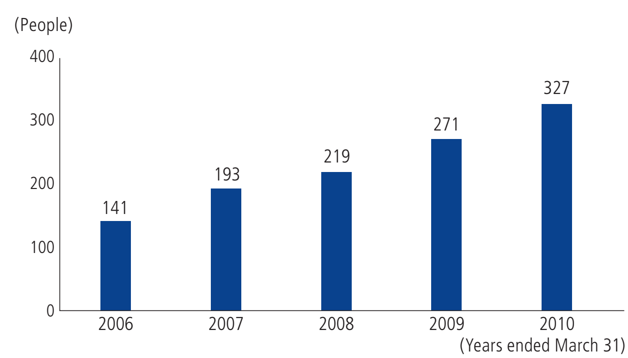
Helping Employees Balance Work and Home Life

At ANA, employees can take childcare leave immediately after becoming pregnant, and in April 2008 we expanded our reduced working hours program and childcare leave (three days per month) to include employees with children up to the third grade in elementary school. In April 2010, we introduced a program of fewer working days for cabin crew. Additionally, we have been fostering a corporate culture that makes it easy for employees to utilize these programs. For example, we have been offering a Childcare Leave Seminar for employees on pregnancy or childcare leave, introduced a "wiwiw" childcare leave support system, and provide information on work-life balance on our internal website, among other measures. Also, in order to meet diversifying needs with regard to working styles, we introduced a program that allows cabin attendants the option of partial employment, in which they may freely select their own working hours.

We are also striving to enhance our nursing care programs. In April 2008, we increased the number of special leave days that can be accumulated and used for nursing care and other purposes to 120 days.

Eight employees took advantage of the nursing care leave program in the fiscal year ended March 2010.

◆ Number of Employees on Pregnancy or Childcare Leave



◆ Next-Generation Development Support Certification Mark ("*Kurumin*")

In August 2009, ANA was certified by the Japanese Ministry of Health, Labour and Welfare as "a company that actively provides support for the development of the next generation" based on the Law Concerning the Promotion of Measures for Supporting Next-Generation Development.

"Mom and Dad's Workplace Visit" Day (ANA Kids' Day)

Every year, the ANA Shiodome Headquarters holds the "Mom and Dad's Workplace Visit" day (ANA Kids' day) as part of its support for the Tokyo metropolitan government's "Tokyo Family Day" and as a concrete measure to promote a better work-life balance. Children of ANA Group employees are invited to the ANA Shiodome Headquarters to observe the workplaces of their mother or father, and actually experience what their parents' work is like. The goal is to broaden the scope of parent-child conversations at home, and for participants to meet the families of their colleagues at work, in order to foster a culture of respect for and raise awareness of one another's work-life balance.

Exchanging business cards at "Mom and Dad's Workplace Visit" day

A visit to the President's office on ANA Kids' day

Support for Elderly Employees

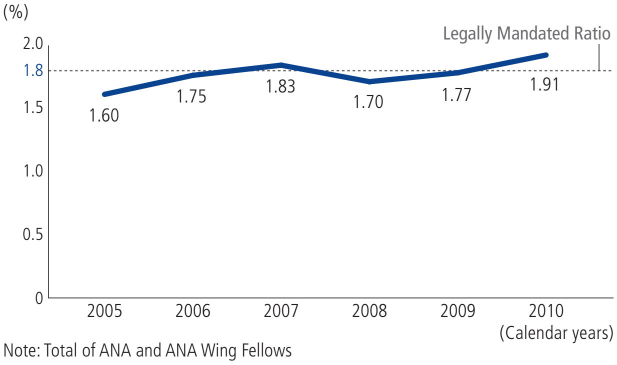
An employment extension system has been implemented to further raise the quality of the ANA Group by leveraging the high level of skill and extensive knowledge of elderly employees. The system also addresses progressive increases in the age when public pension payments begin. We have established mechanisms that allow employees to work until they are 65. After turning 60, employees can either work full time or on a part-time basis (fewer days or shorter hours).

More Employment Opportunities for People with Disabilities

ANA Wing Fellows Co., Ltd. was established in 1993, the first special subsidiary of its kind in the airline industry. The company promotes work opportunities for people with disabilities and strives to create conditions that enable them to do their jobs comfortably. For example, it has established barrier-free office space in Haneda Airport.

People with disabilities made up 1.91% of our workforce as of June 2010 (174 people). We will steadily enable people to perform to their full potential and maintain the level of employment of people with disabilities at or above the legally mandated ratio of 1.8%.

◆ Employment of People with Disabilities at ANA



Note: Total of ANA and ANA Wing Fellows

Award System to Foster a Supportive Corporate Culture

In the fiscal year ended March 2008, the ANA Group established the ANA Group President's Award in order to give concrete form to the ANA character and foster a corporate culture brimming with originality and creativity. Furthermore, in the fiscal year ended March 2009, the "Wow!" Award was created to recognize employees and work units that inspire their colleagues with original ideas that are not bound by existing systems and values.

The "Wow!" Award for the fiscal year ended March 2010 was presented to facility guidance staff of the ANA Airframe Maintenance Center.

Internship Program

ANA's internship program provides opportunities for students to understand what it feels like to work through actual experience working in airport services. We intend to enhance such opportunities in the future.

Respect for Human Rights

ANA has a basic policy of endeavoring to help solve human rights issues that exist in society together with the public. The Human Rights Awareness Room in ANA's Personnel Department has dedicated staff who develop plans for raising human rights awareness. At the same time, ANA provides ongoing support for CSR Promotion Leaders in each business office.

Communication with Employees

Improving Employee Satisfaction

The employee satisfaction survey for the fiscal year ended March 2010 had a response rate of 91.6%, with the participation of some 27,000 employees from 57 Group companies. ANA will continue to create workplaces in which employees can find satisfaction in their jobs, enabling their warm and enthusiastic spirits to increase corporate growth and customer satisfaction.

Direct Dialogue With Top Management

The ANA Group proactively creates opportunities for frontline employees to directly discuss issues with top management. The Group's executives talk directly with employees in their own words about business conditions and the ANA Group's objectives, while employees directly convey to top management the status of their worksites and any unresolved issues. This initiative seeks to bridge the gap between management and frontline employees through dialogue.

ANA Virtual Hollywood

ANA Virtual Hollywood is a program in which employees propose and execute projects that capture the hearts of customers, just as film directors produce Hollywood movies that have the power to enthrall the masses.

This voluntary program was initiated in 2004. ANA Group employees in any position or line of work can participate to develop ideas and actualize scenarios in a friendly environment.

So far, a wide range of proposals have already evolved into projects. Examples include the ANA Group Safety Education Center, Marathon on a Runway, SNS* for Retired Female Employees and a Volunteer Group.

ANA Virtual Hollywood has provided additional benefits besides the projects themselves. The program has not only nurtured and identified human resources, but has also raised group cohesiveness, encouraged open communication, and fostered a corporate culture determined to realize the Group's corporate vision for driving innovation to become Asia's number one airline.

By the fiscal year ended March 2010, a total of approximately 560 employees had participated in ANA Virtual Hollywood.

* Social Networking Service

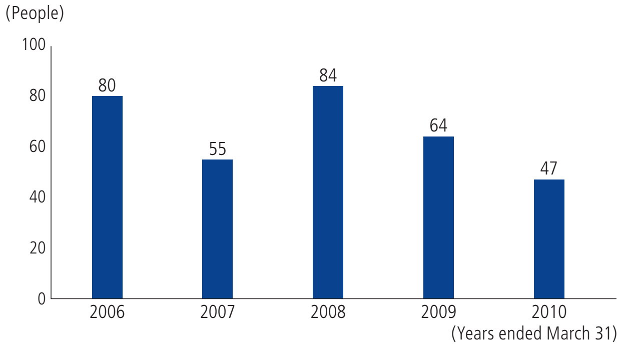
ANA Virtual Hollywood directors for the fiscal year ended March 2010

Safety and Health Initiatives

Recognizing that employee safety and health and pleasant working conditions constitute the foundation of corporate activities, our business offices independently carry out initiatives through their health and safety committees, which have been established at offices nationwide.

The ANA Group believes it is important to raise the awareness of employees, and for employees to correspondingly modify their behavior, in order to help prevent lifestyle-related diseases and maintain good mental health. We diligently work to these ends by developing programs for improving employee health, including seminars, walkathons and lectures on health held around the country.

◆ Work-Related Accidents at ANA



ANA Group Occupational Safety and Health Policies

The ANA Group enhances employee value by improving and maintaining occupational safety and health. This is accomplished through:

1. Accident prevention programs and those encouraging employees' mental and physical health;
2. Various measures and management systems (PDCA cycle) aimed at improving safety and health;
3. The observance of laws and regulations and implementation of activities raising employee awareness of occupational safety and health.

ANA Welfare Plan—A Program for Motivation and Fulfillment

The ANA Welfare Plan has been established to help provide motivation and a sense of fulfillment to every employee at each stage of their careers, from recruitment to post-retirement.

The program offers employees the choice of a scheme best suited to their particular lifestyle covering six different categories: health, finances, insurance, lifestyle support, leisure support and post-retirement.

Labor Relations

The ANA Group's business depends on collaboration by many people in diverse positions. Communication among employees and worksites, and between labor and management, is of critical importance to the proper functioning of our business.

It is also essential that working conditions at ANA bring out the best in employees, because a highly motivated, skilled workforce constitutes the foundation of business operations. Mindful of these factors, we strive to maintain mutual trust and cooperation through extensive discussion and dialogue between labor and management. At the same time, we strive to contribute widely to society by fulfilling the ANA Group's mission of ensuring safety while improving customer service and overall quality.

Contributing to Communities, Society and Future Generations

The ANA Group's businesses are closely related to local communities and society at large. As a good corporate citizen, the ANA Group gives back to local communities and the general public in many different ways. We are also engaged in various activities aimed at supporting young adults and children who will lead the way for future generations.

Social Contribution Activities

The Okazaki Kaheita International Scholarship Foundation—Developing People in Asian Countries

In 2010, the Okazaki Kaheita International Scholarship Foundation marked its 20th year of developing people in Asian countries, in line with the will of Kaheita Okazaki, ANA's second president. Every year the Foundation awards scholarships for several international students from China, Thailand, Malaysia, the Philippines, Indonesia, Vietnam and Myanmar to study abroad in Japan, and offers support for graduate studies.

The Foundation has helped a total of 89 international students further their education. Many graduates of the scholarship program are pursuing careers in their home countries as teachers, civil servants or private-sector employees, while some are continuing their studies in Japan, the United States or other countries. In these ways, the Foundation is helping to develop people who are contributing to the advancement of their home countries while strengthening ties with Japan.

International students from Asian countries plant a commemorative tree.

Elementary Schools Donated in Hebei Province, China

Through the Civil Aviation Administration of China, ANA joined Project Hope, a cultural/educational promotion and charity program run by the Chinese government. In 1997, we donated the ANA Blue Sky Hope Primary School to Luanping City, and a second Hope Primary School to Xinglong City in 2002. In 2008, ANA donated funds to set up multimedia classrooms in both schools through the installation of computers. With these initiatives, we seek to deepen our friendship with China and to help further promote culture and education in the country

ANA Blue Sky Hope Primary School in Xinglong city

Maintenance Facility Tours at the Airframe Maintenance Center

At its Airframe Maintenance Center, ANA offers free maintenance facility tours for the general public that attract a wide range of participants, from students on school trips to families. With nearly 60,000 visitors participating every year, the total number of visitors topped 500,000 as of April 2009 and 570,000 as of August 2010.

Airframe Maintenance Center tours website (In Japanese only)
http://www.ana.co.jp/cp/kengaku

Lily of the Valley—Sending Flowers of Happiness

The tradition of giving gifts made from lily of the valley flowers, signifying happiness and good fortune, has cheered hospital patients for over 50 years since 1956. On June 4, 2010, ANA Group cabin crew and ground staff at airports visited 54 hospitals nationwide, including Japanese Red Cross Medical Centers, to present in-patients with 16,000 bookmarks decorated with pressed lily of the valley flowers. Every pressed-flower bookmark was handmade with great care by ANA Group employees across Japan using lily of the valley flowers picked near New Chitose Airport in Hokkaido.

A pressed lily of the valley bookmark

Relationships with Business Partners

Based on the ANA Group Code of Conduct, the ANA Group practices fair trade in full compliance with related legislation. We also work to create new value in cooperation with our business partners.

ANA Group Purchasing/Transaction Guidelines

Many of our air transportation services and products depend on services, and equipment, materials and supplies—from aircraft and jet fuel to office equipment and cabin supplies—provided by business partners. Our relationship with these partners fulfills our corporate social responsibility based on guidelines set forth under the ANA Group Purchasing/Transaction Guidelines.

ANA Group Purchasing/Transaction Guidelines

Basic Policies for Purchasing/Transactions

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

Environmental Initiatives

Environment Feature:

Regenerating Japan's Forests

The ANA Group's Carbon Offset Program

The ANA Group has introduced a carbon offset program as a global warming countermeasure undertaken together with customers. This step forward in the Group's initiatives to reduce CO_2 emissions will focus on regenerating Japan's forests.

Osamu Matsui, Director, CSR Promotion

Toward Becoming a Leading Eco-Friendly Airline

Aircraft are an indispensable form of modern travel, but they consume large volumes of fossil fuels and emit CO_2. This makes reducing these CO_2 emissions a significant issue for the industry.

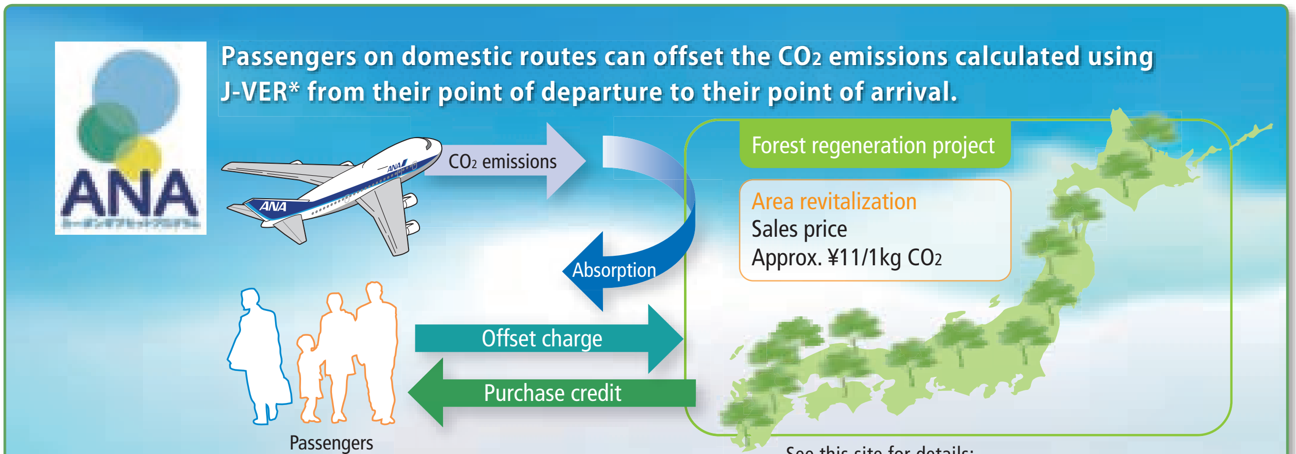
Under these circumstances, in May 2008 we formulated the ANA Group Ecology Plan (2008-2011) with global warming countermeasures at its core, with the aim of becoming a Leading Eco-Friendly Airline. In the Fuel Saving Project conducted over a concentrated two-year period under this plan, we attained significant results as numerous measures to cut CO_2 emissions were implemented on an interdivisional basis.

However, there are limits to how much a company can accomplish alone. To move this initiative a step forward and as a policy where we work together with customers to combat global warming, the ANA Group decided to introduce a carbon offset program. Under this program, ANA calculates a CO_2 emission rate for passengers on all domestic routes and the passenger may voluntarily offset that rate. Put another way, this is a new initiative where we will seek customers' assistance in shouldering the cost of global warming countermeasures and the regeneration of Japan's forests.

Sharing Environmental Awareness with Customers

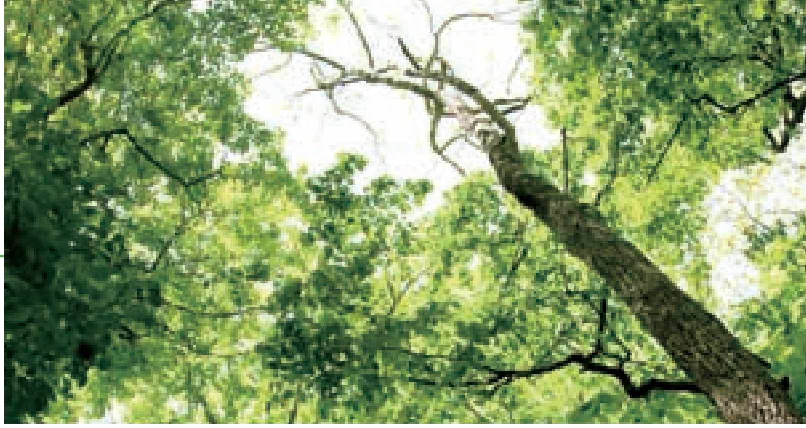
The carbon offset program started on four main routes originating from Haneda Airport on September 10, 2009, before ANA introduced it on all domestic routes from October 1, 2009. Currently, a carbon credit costs about ¥11

◆ Carbon Offset Program



* J-VER is a system started by the Ministry of the Environment in November 2008, where the amount of CO_2 reduction and absorption by forestry projects can be used as credits to offset CO_2 emissions.

See this site for details:
http://anaoffset.com (Accessible only by mobile phone)



for every kilogram of CO_2 emitted. For example, CO_2 emissions on the Haneda-Sapporo route total 85 kilograms for each passenger, who would have to pay a tax-inclusive ¥942 as an offset. Applications to join the program are made by mobile phone and payments by credit card, with ANA issuing customers offset certification once all the procedures have been completed.

ANA uses Japan Verified Emission Reduction (J-VER) credits for forestry absorption, which are recommended by the Environment Ministry, for offset credits and related emission limits. The offset provider for J-VER is an incorporated association called “more trees,” of which the musician Ryuichi Sakamoto is the representative. It is engaged in forest regeneration projects.

However, the current situation unfortunately sees few people joining the program. As of the end of May 2010, nine months after the start of the program, there have been about 280 cases and about 23 tons of CO_2 emissions offset. As the economy is still only on the road to recovery, it is difficult to ask people to assume further financial burdens. Nevertheless, as a pioneer company in establishing a carbon offset system, ANA will devise ways to make it work.

One of the ANA Group Environmental Principles is “mindset to cherish environment comes from the recognition of burdensome impact of our activities to the Earth.” While sharing this mindset with customers, ANA will work to raise society’s interest in the environment. The ANA Group has faithfully taken a forward-looking approach to the environment, yet when even that effort is simply not sufficient, the Group would like to see customers cooperate with a sense of volunteerism. The fact that ANA does not add a surcharge to ticket prices without customers’ awareness, but that customers are entrusted to pay of their own volition, is the very point of the program.

Promoting Visualization of the Environment

Going forward, the ANA Group will promote a strategy of “visualizing” the environment. For example, if customers can actually visualize where money paid as a carbon offset is being used to grow trees, they will get a greater sense of contributing toward forest regeneration when using the program. It will also link to community revitalization.

At the same time, in addition to improving the ease of using the system, ANA plans to investigate a framework that would allow offsets to be converted to mileage and other benefits. Be on the lookout for the future of the Carbon Offset Program from the ANA Group as a Leading Eco-Friendly Airline.

EXPERT COMMENTARY

Hiroshi Hatano

Executive Director
Carbon Offset Network Japan

The ANA Group Carbon Offset Program

While waiting to board a flight at Haneda Airport, you can use your mobile phone to log onto ANA Sky Mobile and from there select the link to the ANA Carbon Offset Program page. A CO_2 label with third-party carbon offset verification based on the Environment Ministry’s system will appear, and selecting Chitose Airport, your destination, displays the volume of CO_2 emissions. Then, with a simple credit card transaction, you can purchase a carbon offset in a matter of minutes.

Viewed from above, Japan’s scenery is filled with blue skies and green forests. Offset credits (J-VER) were created as part of a project to use Japan’s forests to absorb the CO_2 emitted during flights. The money passengers pay is used to manage the forests.

The ANA Carbon Offset Program is an important initiative. In addition to combating global warming and regenerating forests, it will also lead to job creation and community revitalization.

Together with ANA as one of its administration council member companies, the Carbon Offset Network will focus on cutting CO_2 emissions and the spread of use of carbon offsets.

Toward Becoming a Leading Eco-Friendly Airline

The ANA Group promotes a variety of measures to operate in harmony with the global environment.

Revision of the ANA Group Environmental Principles

In April 2010, for the first time in 12 years the ANA Group revised the ANA Group Environmental Principles, which form the foundation of ANA's environmental management. As the opening sentence, ANA included the phrase: "Mindset to cherish environment comes from the recognition of burdensome impact of our activities to the Earth." In order to fulfill our important role as a public transport organization while contributing to the creation of a sustainable society, humbly reaffirming our awareness of the burden we place on the environment will be the starting point for our environmental activities.

ANA Group Environmental Principles

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

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

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

Strengthening the Environmental Management System

ANA has achieved significant results Group-wide due to the Fuel Saving Project conducted in the concentrated period of the past two years as a global warming countermeasure. Steps have included inspecting and visualizing existing measures and studying or undertaking new measures. For the future, we have created a system that will operate continuously across all divisions to control reducing the environmental impact of aircraft, taking over from the Eco-First Subcommittee in the newly established Environmental Management Committee.

Moreover, for an assured response to the April 2010 enforcement of revisions to the Law Concerning the Rational Use of Energy and Tokyo Metropolitan Government ordinances, and to promote environmental activities at the office level, we have strengthened our environmental management system in such ways as starting the Office Environment & Energy Subcommittee within the committee.

◆ Environmental Management Promotion System

Environmental Preservation Activities Unique to ANA

As a Leading Eco-Friendly Airline, ANA Conducts Unique Environmental Preservation Activities

In November 2008, the ANA Group became the airline and transport industry's first certified Eco-First company. As a leading eco-friendly airline, the ANA Group is committed to environmental activities with each individual employee working as part of a team in pursuit of the objectives set forth under the ANA Group Ecology Plan (2008-2011). With the cooperation of customers and stakeholders, we will pursue forward-looking initiatives unique to ANA. In addition to measures against global warming, initiatives include the ANA Carbon Offset Program, e-flight, "3R" (reduce, reuse and recycle) activities, activities under the slogan of "For People and the Planet" as part of the *Aozora* project and participation in research and development of biofuels.

Eco-First Follow-up Report
On February 16, 2010, President and CEO Shinichiro Ito gave a report on the ANA Group's achievements and progress to Environment Minister Sakihito Ozawa.

Excerpts from the ANA Group Code of Conduct

Environmental Protection

Environmental protection is essential for the ANA Group. Based on the ANA Group Environmental Principles, we play an active role in environmental protection activities.

We work to minimize the environmental impact of our business activities.

We are also actively involved in protecting the environment and preserving natural resources in areas outside our business activities.

Timeline of Environmental Activities

Starting Date	Committee Organization	Promoting Organization	Activities
Nov. 1973		Airport Division	Published the "Environmental Measures Handbook" in 1978
Feb. 1974	Committee for Environmental Measures		Special committees established for "total assessment," "flight noise measures," "ground noise and air pollution measures," and "factory environment measures"
July 1990		Environmental Conservation Promotion Office	Became the first Japanese airline to publish an Environmental Report in 1993; announced ANA Environmental Policy in 1998
May 1999	Environment Committee		Signed the Star Alliance Environmental Declaration
		Global Environmental Conservation Promotion Department	Formulated the ANA Group Ecology Plan (2003–2007) in 2003 Launched the International Environmental Picture Book Competition and forestation project in 2003
Apr. 2004		Environment and Social Affairs Department	Formed Team Tyura Sango in 2004 as part of environmental conservation activities and developed a coral planting project
Apr. 2007		CSR Promotion Division, Environment and Social Affairs Department	Carried out organizational reforms to promote CSR activities
May 2008		CSR Promotion Division, Environment and Social Affairs Department	Released the ANA Group Ecology Plan 2008–2011
Nov. 2008		CSR Promotion Division, Environment and Social Affairs Department	Certified as an "Eco-First" company by Japan's Ministry of the Environment (Became the first certified Eco-First company in Japan's airline and transport industry)
Dec. 2008		CSR Promotion Division, Environment and Social Affairs Department	Participated in the government's domestic emissions trading scheme on a trial basis
Oct. 2009		CSR Promotion Division, Environment and Social Affairs Department	Began the ANA Carbon Offset Program
Apr. 2010		CSR Promotion Division	Revised the ANA Group Environmental Principles

Targets and Results of ANA Group Ecology Plan 2008–2011

Item		Targets	Review of Fiscal Year Ended March 2010	Reference
Climate Change Counter-measures	**Reduce CO_2 Emissions from Aircraft Fuel**	For the fiscal year ended March 2010, achieve a 10% reduction in CO_2 emissions per revenue ton kilometer (RTK) on domestic and international routes compared with the year ended March 2007.	In the fiscal year ended March 2010, CO_2 emissions for ANA Group domestic and international routes totaled 7.59 million tons, a year-on-year reduction of 5.8%, or 470,000 tons. CO_2 emissions per revenue ton kilometer for domestic and international routes were 1.16kg/CO_2, a 6.0% reduction compared to the index year of 2006.	See below.
		For the period from the fiscal year ended March 2009 through the fiscal year ended March 2012, keep average annual CO_2 emissions on domestic routes below 4.7 million tons.	Emissions on domestic routes continued to decrease, totaling 4.26 million tons, down from 4.55 million tons in the fiscal year ended March 2009.	See below.
	Reduce Energy Use at All Work Sites	Reduce energy use at all work sites by 1% each year.	Total ground-level energy consumption (crude oil equivalent) increased by about 3% in conjunction with development of new business areas. We will continue working to reduce energy use based on the new standards set under the revised Law Concerning the Rational Use of Energy.	See pages 88-89.
Air Pollution Counter-measures	**Conform with Aircraft Emission Standards**	All aircraft including leased aircraft to conform with International Civil Aviation Organization (ICAO) emission standards.	All ANA Group aircraft engines conform to the emission standards of the ICAO's Annex 16 to the Convention on International Civil Aviation.	See page 79.
	Introduce Low-Pollution Vehicles	Actively introduce hybrid, electric and other low-pollution vehicles.	In the fiscal year ended March 2010, the ratio of low-pollution, low-emission vehicles was 22.6%, an increase of 3 times from the index year (fiscal year ended March 2003, when the ratio of low-pollution vehicles was 7.4%).	See page 90.
Noise Countermeasures		All aircraft including leased aircraft to conform with ICAO noise standards chapter 4.	All aircraft conform with ICAO noise standards chapter 4.	See page 81.
Resource Savings		Reduce waste and paper used in sales by 5%.	Reduced paper used in sales by 11% year-on-year compared to the year ended March 2009.	See pages 89-90.
		Conduct closed recycling* at all work sites.	Collected copy paper used at all work sites and some in-flight magazines, including *Tsubasa no Okoku*, recycled it for use in in-flight magazines and envelopes and business cards used at work sites across Japan. The entire ANA Group promoted 3R activities and actively engaged in recycling cabin attendants' uniforms.	See page 85.
Environmental and Social Contribution Activities		Nationwide forestation activities near 50 airports	Started forestation in two new locations, the Tensho Boys' Embassy Forest at Nagasaki Airport and Kiriko Forest at Noto Airport, and conducted afforestation, undergrowth brush cutting or tending of forests in another seven places. ANA has now created forests in 31 places (as of June 2010).	See page 86.
		Aozora Environmental Picture Book Competition	Held the 7th competition, receiving a total of 366 entries from diverse fields including 20 prefectures in Japan and seven other countries, with entrants' ages ranging from 5 to 71. Printed 50,000 copies of the winning entry and began distributing them free of charge inside and outside Japan from the end of March 2010.	See page 87.
		Coral Restoration Project	In the fiscal year ended March 2010, we planted coral twice, once each in the spring and fall, and a total of 159 volunteers took part.	See page 87.
		Support for environmental training of next-generation personnel	Conducted the next generation training program at Takeo High School, took part in an environmental workshop, accepted college student interns and implemented environmental training through the flight class and other initiatives.	See page 87.

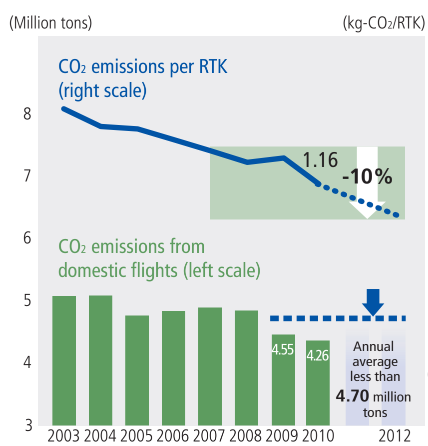
* Closed recycling: A recycling system in which waste generated in aircraft, airports and Group business offices is reused in aircraft, airports and Group companies.

Reducing CO_2 Emissions from Aircraft Fuel

The graph at right shows the targets of the ANA Group Ecology Plan 2008-2011 for total CO_2 emissions on domestic routes and CO_2 emissions per revenue ton kilometer for domestic and overseas routes combined. With the drop in the load factor following the global economic downturn, CO_2 emissions per revenue ton kilometer worsened at one stage but they are now steadily improving due to such factors as various fuel reduction measures and adjustments to aircraft investment.

In the fiscal year ended March 2010, CO_2 emissions per revenue ton kilometer (RTK) were 1.16 kilograms, a decrease of about 5.5 percent from the previous fiscal year. Total emissions from domestic flights were 4.26 million tons, down from 4.55 million tons in the previous fiscal year. Combined with international flights, total emissions came to 7.59 million tons, significantly less than the 8.06 million tons of the previous fiscal year. ANA will continue its efforts to reduce CO_2 emissions and work together with associated organizations to actively engage in research toward development of alternative fuels in the future.

◆ ANA Group CO_2 Emission Targets and Results



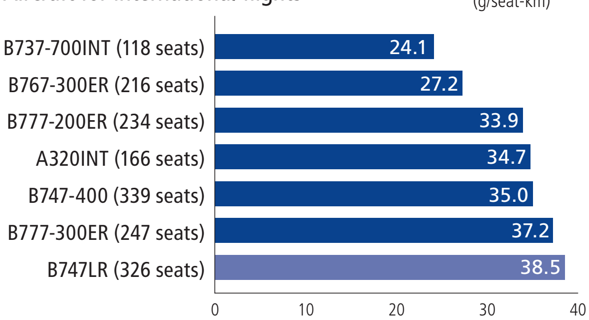
Initiatives to Prevent Climate Change

Fuel-Efficient Aircraft

Reducing CO_2 emissions boils down to reducing fuel consumption. The most effective methods are: 1) introducing fuel-efficient engines with the latest technologies, 2) reducing air resistance through improved wing designs, and 3) reducing fuselage weight through the use of composite materials. The ANA Group is implementing these methods to reap the benefits.

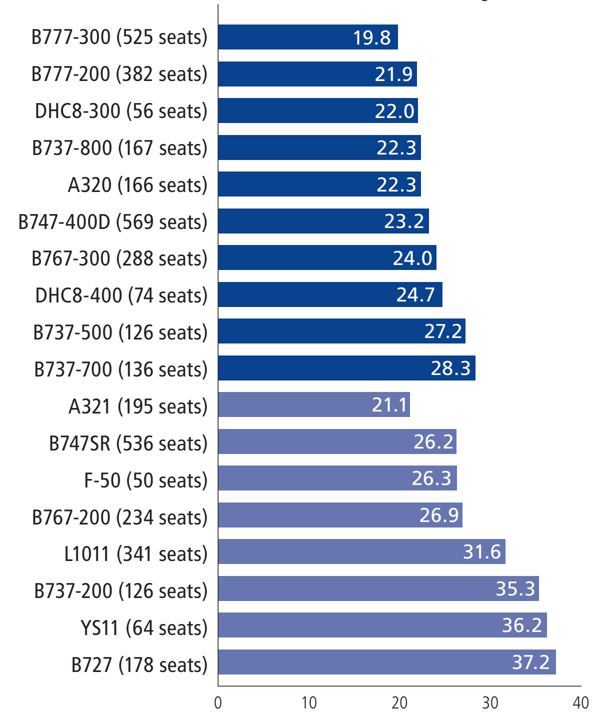
◆ Fuel Efficiency by Aircraft Type

Aircraft for international flights



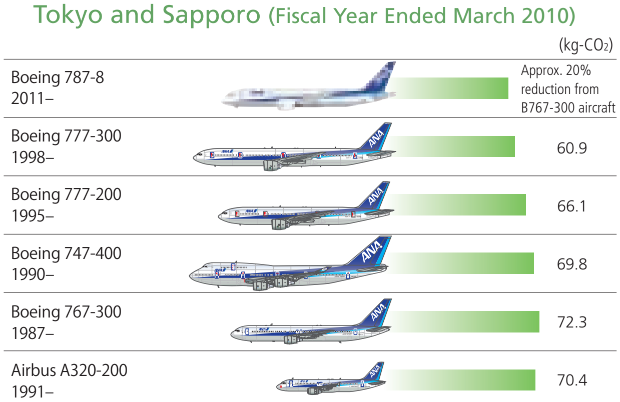
Note: Calculated for international flights (assuming flight distances of 5,556 km for the B737-700INT and 9,260 km for all other aircraft, with full seating)
■ Retired aircraft

Aircraft for domestic flights



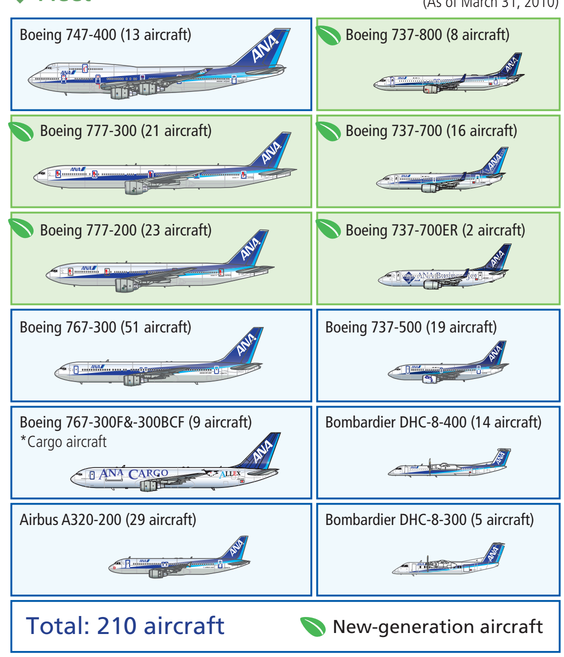
Note: Calculated for domestic flights (assuming flight distances of 926 km and full seating)
■ Retired aircraft

◆ CO_2 Emissions per Seat for Flights Between Tokyo and Sapporo (Fiscal Year Ended March 2010)



◆ Fleet

(As of March 31, 2010)



Note: In additon to these aircraft, nine aircraft are leased outside the ANA Group.

Reducing Environmental Impact in Our Operations

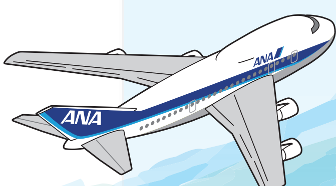
Reducing fuel consumed by aircraft is directly connected to reducing environmental impact. We have long been actively engaged in a variety of fuel reduction measures in flight and ground operations. ANA has improved flight efficiency since the previous fiscal year through the formation of Team ASPIRE[1], a body supervised by the Civil Aviation Bureau of the Ministry of Land, Infrastructure and Transport. The following are some of the initiatives the ANA Group is undertaking.

1. ASPIRE: The Asia and Pacific Initiative to Reduce Emissions, the name given to activities aimed at reducing fuel consumption and gas emissions through joint efforts by air traffic control agencies and airlines to conduct efficient operations.

When Preparing for Departure

Aircraft Center of Gravity Management

An aircraft's center of gravity is closely related to the volume of fuel used. Adjusting steering or ailerons to balance dynamics and the aircraft's center of gravity can increase resistance, which leads to increased CO_2 emissions. Normally, fuel usage will be less if the center of gravity of the aircraft is closer to the rear. Consequently, the ANA Group introduced a system for managing aircraft weight and center of gravity in May 2008, which in the year ended March 2010 reduced CO_2 emissions by 5,500 tons and fuel consumption by 2,261 kiloliters.



Proactive Use of Ground Power Units

Parked aircraft normally consume electric power by running APUs[2] for such uses as air conditioning and lighting inside the aircraft. However, since 1990 the ANA Group has actively used ground power units (GPUs), which are much more energy efficient, instead of APUs. As a result, in the fiscal year ended March 2010, we reduced CO_2 emissions by 97,000 tons and fuel consumption by 39,600 kiloliters compared to not using GPUs. These savings are equivalent to the emissions of a Boeing 777-200 making approximately 2,600 round trips between Tokyo and Osaka.

2. APU: Auxiliary Power Unit, a small on-board gas turbine that provides electricity for the aircraft and compressed air for starting the engine and air conditioning. APUs are less energy efficient than GPUs as they burn jet fuel.

When Cruising

Strengthening the Flight Management System

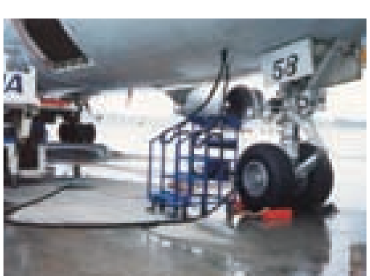
Measures to improve aircraft systems include the introduction of Flight Management System (FMS[3]) datalink functions that input wind conditions at stages along the aircraft's route. This reduces fuel use by optimizing cruising altitude and selection of the point to begin descent. This equipment is already installed on Boeing 777s, and we plan to successively install it on our Boeing 767s and 747-400s.

3. FMS: Flight Management System, which uses flight conditions to calculate optimum speed and course as the basis for automatically adjusting engine output, navigation and other flight management operations.

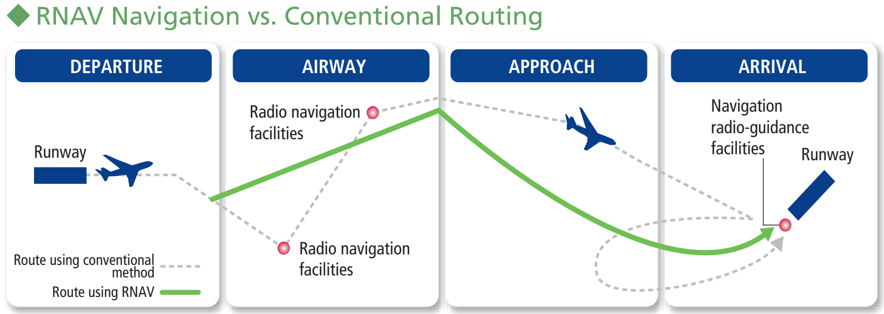
Operation of RNAV (Area Navigation)

The ANA Group began official operations of RNAV in June 2002. RNAV navigation is a procedure that navigates aircraft and assures the scheduled flight path by radio-navigation facilities as well as by satellite and on-board equipment. Not only does RNAV achieve faster and shorter flights while reducing fuel consumption and CO_2 emissions, it also reduces noise around airports. The ANA Group aims to expand the use of RNAV in Japan and overseas.

◆ Shared Use of GPU Power



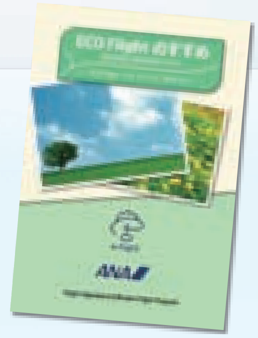
◆ RNAV Navigation vs. Conventional Routing



Promoting Eco Flights

In the ANA Group, holding firmly to safety as a premise, flight crews discuss ideas about how they can make their flights Eco Flights, and conduct flight operations with each individual taking the environment into consideration while ensuring safety, comfort and stability.

Since 2008, flight crews have used the *Eco Flight Guidebook* that they created themselves to gather expertise and share information to ensure that the Eco Flight concept takes hold.



When Descending

Promoting Energy Efficient Descent Method

When an aircraft descends continuously from the start to the end of its descent without leveling off, it saves fuel, cuts CO_2 emissions and reduces noise. During Continuous Descent Operation (CDO[4]) test flights with aircraft landing in late night and early morning time slots at Kansai International Airport, two aircraft reduced CO_2 emissions by 280 tons and fuel consumption by 117 kiloliters during the fiscal year ended March 2010. Official CDO operations will begin in June 2010. The ANA Group will cooperate with associated organizations to implement the system at other airports.

4. CDO: Continuous Descent Operation, a collective term for operations including CDA (continuous descent approach), TA (tailored arrival), OPM (optimum profile descent), etc.

When Arriving at Airports

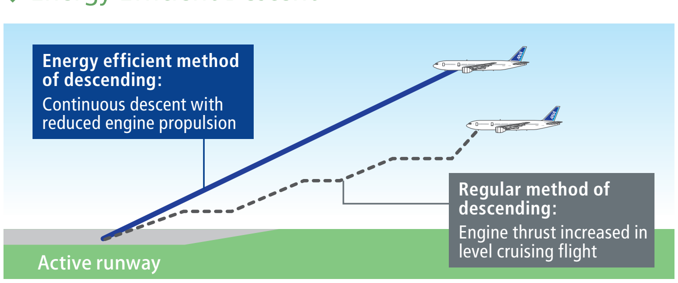
Reducing the Power of Thrust Reversers for Landing

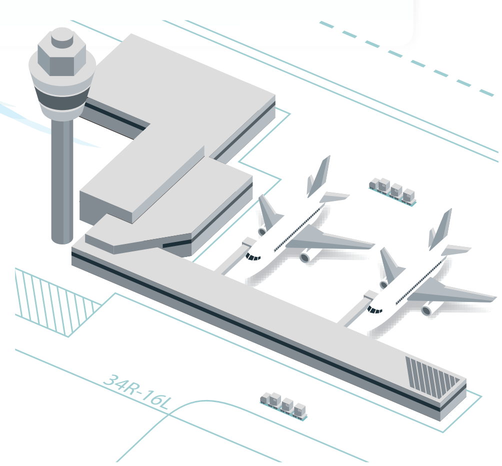
Normally, in order to reduce an aircraft's landing length, thrust reversers are employed, engine thrust is increased (which emits CO_2) and the exhaust is sent forward. By landing with the engines in idle to the extent possible when it is safe to do so based on an assessment of the landing length and other factors, CO_2 emissions are reduced and noise pollution is mitigated, which makes this method of landing more environmentally friendly. In the fiscal year ended March 2010, this reduced CO_2 emissions by 13,700 tons and fuel consumption by 5,580 kiloliters.

Taxiing After Landing With Engine(s) Partially Shut Down

Since 1994, at airports where aircraft must taxi a long way to the parking spot after landing, to conserve fuel the ANA Group stops some engines when taxiing after confirming there is no impairment of safety. This decision is made after taking into account the conditions of the taxiway and other aircraft, weather and instructions from the control tower. This method allows flight crews to show consideration for the environment. In the fiscal year ended March 2010, this reduced CO_2 emissions by 880 tons and fuel consumption by 358 kiloliters.

◆ Energy Efficient Descent





Narita-Shenyang: Shifting to an Ecological Route That Can Reduce Fuel Consumption, CO_2 Emissions and Flight Times

On July 1, 2010, the ANA Group began operating a new route between Narita and Shenyang that can reduce fuel consumption, CO_2 emissions and flight times.

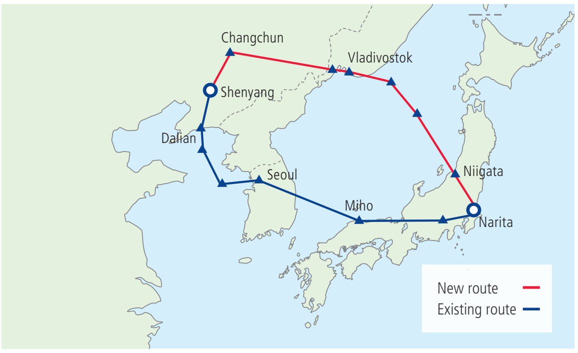
The ANA Group's Narita-Shenyang and other existing routes between Japan and airports in northern China (Beijing, Tianjin, Shenyang, Qingdao and Dalian) previously went through South Korea. However, with our partners' assistance we received approval to fly to destinations in China through Russia, thus enabling us to introduce a new route for flights from Narita to Shenyang.

(1) Route Outline

New route: Narita↔Niigata↔Vladivostok↔Changchun↔Shenyang

Existing route: Narita↔Miho↔Seoul↔Dalian↔Shenyang

Comparison of New and Existing Routes



Note: Part of outbound portion of existing route displayed

(2) Resulting Reductions

Annual fuel saving: Approx. 1 million pounds (approx. 560 kiloliters or approx. 2,800 200-liter drums)

Annual fuel cost saving: Approx. ¥39 million

Annual CO_2 reduction: Approx. 1,400 tons

Note: Calculated based on one round-trip Narita-Shenyang flight by a Boeing 737 daily for one year.

(3) Flight Time Reduction

Approx. 20 to 30 minutes shorter than existing route flight time

Note: Calculated using typical weather conditions, altitude and speed. Flight time reductions fluctuate due to seasonal changes in weather conditions.

Initiatives in Areas Other Than Flight Operations

Maintaining Peak Engine Performance by Washing Engine Compressor Sections

During engine use, minute lumps that reduce fuel economy collect on the compressor section. Since 2003, the ANA Group has been using original engine washing machines to wash dust off engine compressor sections to maintain peak engine performance and improve fuel usage. As a result of maintaining peak performance after washing, we reduced CO_2 emissions by 43,000 tons and fuel consumption by 17,500 kiloliters in the fiscal year ended March 2010. These savings are equivalent to the emissions of a Boeing 777-200 making approximately 1,150 round trips between Tokyo and Osaka.

Engine washing

Engine Replacement

Engine parts become less efficient over the long-term, which causes increases in CO_2. During the fiscal year ended March 2010, the ANA Group replaced 25 engines in Boeing 767, 747-400 and 777 aircraft, reducing CO_2 emissions by 8,100 tons and fuel consumption by 3,300 kiloliters.

Saving Fuel through Use of Simulators

The ANA Group mainly uses flight simulators to train and evaluate flight crew, thereby reducing fuel consumption (CO_2 emissions) and noise, and helping us make the most of limited air space.

In the fiscal year ended March 2010, total simulator use amounted to 53,000 hours. If these hours had been actual flight time, they would have emitted 650,000 tons of CO_2 and required 266,000 kiloliters of fuel. This equals 8.6% of all aircraft fuel used by the ANA Group on domestic and international routes in the fiscal year ended March 2010, or approximately 18,000 round trips between Tokyo and Osaka (Itami) on a Boeing 777-200.

Initiatives to Reduce Weight of In-Flight Items

Since 2003, the ANA Group has been continuously reviewing in-flight items to reduce their size and amount required. In January 2009, we lightened copies of *ANA Sky Shop*, which is placed in each seat pocket, by 15 grams per issue by changing the quality of paper and reducing the number of pages, and changed the number of reserve items on board, including diapers and sickbags. From 2010, to coincide with the introduction of a new service on long-distance international flights we lightened tableware and glasses used in first and business classes, resulting in a reduction of about 62 kg per aircraft for the newly introduced Boeing 777-300ER compared with previous aircraft. Flight crews also strive to reduce aircraft weight in ways such as reducing their carry-on luggage.

Lightweight plates and utensils produced by revising materials at the manufacturing stage

Other Initiatives

Introduction of New Lightweight Cargo Containers

The ANA Group introduced 500 new lightweight containers on July 29, 2010. Excluding the base and frame, these containers are made from carbon-fiber reinforced plastic and the door openings are made from highly stain- and leak-resistant canvas used in large-scale tent warehouses. As a result, they are some 30 kilograms, or 30%, lighter than conventional aluminum containers.

In addition, the carbon-fiber reinforced plastic makes the containers stronger. Moreover, the outer frame construction design reduces protrusions in the container interior, which is expected to reduce damage to cargo and contribute to improving quality.

These containers are initially being used primarily on European and American routes, especially Narita to San Francisco. Boeing 777-300 aircraft used on the Narita-San Francisco route can hold 44 containers, reducing the weight of each flight by as much as 1,320 kilograms.* A decrease in maintenance costs compared with conventional containers is also anticipated.

* Reductions Resulting from the Introduction of New Lightweight Cargo Containers (calculated for a one-way Narita-San Francisco flight by a Boeing 777-300)

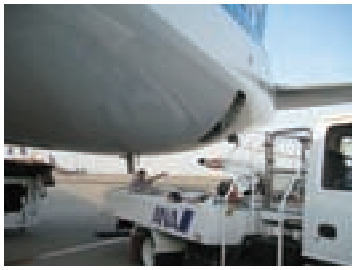
CO_2 reduction	Approx 1,272 kg
Fuel saving	Approx. 516 ℓ (approx. 2.6 200 ℓ drums)

Reuse of Wastewater at Haneda Airport

The ANA Group works to reduce aircraft weight by reducing water volume, and carries a designated load of drinking water on each of its aircraft. Drinking water left in aircraft tanks after flights must not be used for drinking, and was formerly disposed of by dumping it into drains at Haneda Airport. Ground handling division companies International Airport Utility Co., Ltd., Kyowa Kigyo Co., Ltd., Toko System Service Co., Ltd. and Sky Building Service Co., Ltd. began looking into ways to use this water. The companies learned that it could be reused for purposes such as toilets at the Haneda Airport Maintenance Facility. Operations commenced one month after the companies made the initial proposal.

Every night after 8 p.m., two water trucks collect wastewater from the roughly 40 aircraft docked overnight at Haneda Airport and carry it to the Maintenance Facility, where it is pumped out. By re-using this wastewater, the ANA Group saves from 6 to 10 tons of water every day.

While contributing to reduction in usage of water resources and costs, this idea that started out seeking to reduce waste is also a fine example of seamless coordination within the ANA Group.



Wastewater removal by a water truck

Introduction of Next-Generation Aircraft

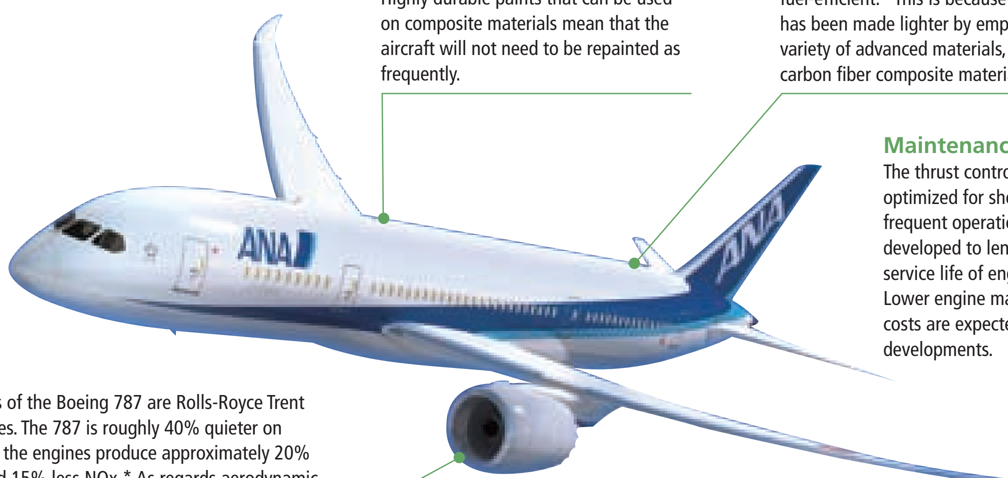
Boeing 787

ANA is the launch customer for the Boeing 787. We have ordered 55 Boeing 787 aircraft ahead of the competition and have been involved from its design and development stages. Our first Boeing 787 is scheduled to begin service in 2011 as the successor to the Boeing 767, our mainstay fleet aircraft, with an eye on the expansion of Haneda Airport.

Photo courtesy of Boeing.

Successful first flight in December 2009

◆ Main Characteristics of the Boeing 787



Paints
Highly durable paints that can be used on composite materials mean that the aircraft will not need to be repainted as frequently.

Airframe
The 787 is approximately 20% more fuel-efficient.* This is because the airframe has been made lighter by employing a variety of advanced materials, including carbon fiber composite material.

Maintenance Costs
The thrust control method, optimized for short-haul, frequent operations, was developed to lengthen the service life of engine parts. Lower engine maintenance costs are expected from these developments.

Engine
The engines of the Boeing 787 are Rolls-Royce Trent 1000 engines. The 787 is roughly 40% quieter on takeoff and the engines produce approximately 20% less CO_2 and 15% less NOx.* As regards aerodynamic characteristics, the airframe air resistance is minimized.

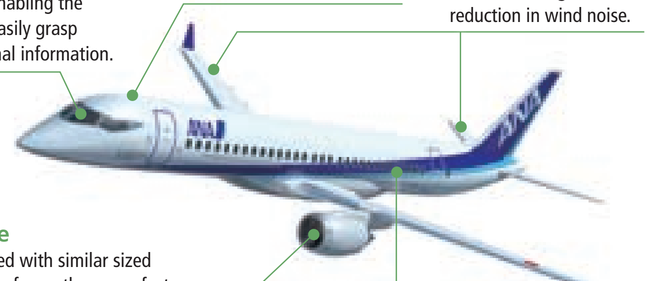
* Compared with existing similar-class aircraft

Next-Generation Mitsubishi Regional Jet (MRJ)

ANA has decided to introduce the next-generation Mitsubishi Regional Jet (MRJ), to be developed by Mitsubishi Aircraft Corporation. ANA has placed a firm order for 15 MRJ aircraft and 10 options as the launch customer.

The MRJ will be the first regional jet to use composite material for the wings and a vertical stabilizer. The new engine driven by the latest technology will significantly reduce the environmental impact of the aircraft. State-of-the-art aerodynamics should bring about an approximate 40% savings in fuel compared with current aircraft in the same class.

◆ Main Characteristics of the MRJ



Cockpit
Safety has been improved by installing four large LCDs in the cockpit enabling the pilot to easily grasp operational information.

Airframe materials
A lighter airframe has been achieved by using carbon fiber composite materials for about 30% of the entire airframe.

Airframe design
Research into the design of the main wings and flaps has enabled less noise, including a reduction in wind noise.

Engine
Compared with similar sized small jets from other manufacturers, the engine consumes 20% less fuel at lower noise levels.

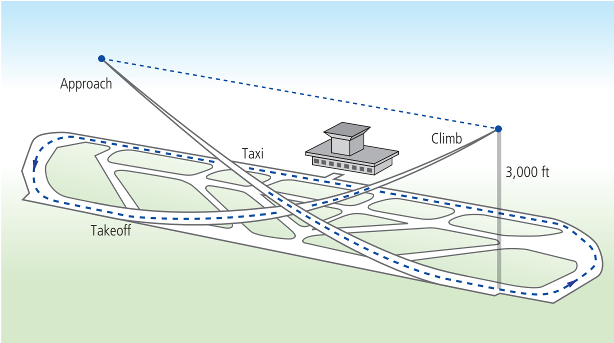
Comfortable seats
Seats have been newly designed to provide comfort and ample leg room.

Air Pollution Countermeasures

Air Pollution and the ANA Group's Air Transportation Business

Major factors in the relationship between the ANA Group's business and air pollution include (1) exhaust emissions from aircraft and (2) exhaust emissions from ground vehicles. Regarding aircraft exhaust emissions, Annex 16 of the International Civil Aviation Organization (ICAO) has established emission standards for NOx (nitrogen oxides), HC (hydrocarbons), CO (carbon monoxide) and SN (smoke number, or density) in terms of mass of emissions per unit of engine thrust for the ICAO Landing/ Takeoff (LTO) cycle. Appendix III of the Enforcement Regulation of Japan's Civil Aeronautics Act also contains the same standards, entitled "Emission Standards for Aircraft Operations."

◆ ICAO Landing/Takeoff Cycle



Emission levels are measured during the LTO cycle, which is defined as a descent from 3,000 ft to the ground and an ascent to 3,000 ft after takeoff.
Engine tests are subject to the thrust settings and times in the chart below.

Thrust setting	Rated output (%)	Time in mode (min.)
Takeoff	100	0.7
Climb	85	2.2
Approach	30	4.0
Taxi/Idle	7	26.0

Low-Emission Aircraft

ANA's most effective measure to reduce hazardous exhaust emissions from aircraft has been to deploy the latest, most advanced aircraft equipped with state-of-the-art engines. Emissions of aircraft currently in use at the ANA Group are all within ICAO emission standards stipulated in Annex 16. In addition, in the fiscal year ended March 2010 the ANA Group achieved reductions of 6.5% to 8.0% for all emission types.

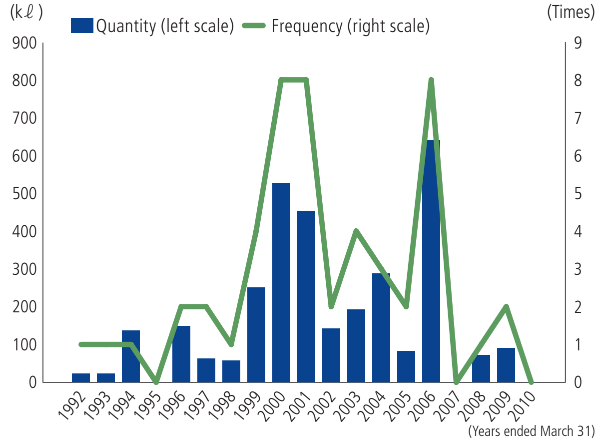
◆ Engine Exhaust Emissions (Fiscal Year Ended March 2010)

	ANA Group (Thousand tons)	ANA Group Year-on-Year Change (%)	ANA (Thousand tons)
NOx (nitrogen oxides)	6.08	-6.5	5.05
HC (hydrocarbons)	0.72	-8.0	0.63
CO (carbon monoxide)	4.69	-7.6	3.72

Fuel Dumping for Unscheduled Landings

In the fiscal year ended March 2010, the ANA Group performed no fuel dumping for unscheduled landings.

◆ Quantity and Frequency of Fuel Dumping



What is Fuel Dumping?

Mechanical malfunctions or passengers requiring immediate medical care often necessitate unscheduled landings. In such circumstances, if the aircraft's weight exceeds its maximum landing weight, the aircraft must dump fuel to reduce its weight to ensure a safe landing. Fuel dumping is performed only when necessary.

Different airports designate specific dumping locations and altitudes. For example, fuel dumping operations are performed over oceans, to avoid urban areas. When dumped at high altitude, fuel turns into a diffuse mist that has minimal impact on the ground.

Reducing Hazardous Chemicals

Compliance with the Pollutant Release and Transfer Register (PRTR) Law

To manage and conduct the required registration of PRTR substances, the ANA Group has created a unified intercompany database that groups these substances according to type, quantity, composition, and usage status. ANA has also worked to strengthen links across the organization in order to centralize all related information at Group companies. In the fiscal year ended March 2010, the ANA Group used 37 PRTR substances and total consumption* was 18,800 kg, roughly 4% lower year on year.

Going forward, the ANA Group will continue to make improvements by conducting operations that give due consideration to any potentially negative environmental impact, and continue to study alternative materials and methods that do not use any designated hazardous substances.

* Total of discharge and disposal

◆ Major Type 1 Designated Chemical Substances Used by the ANA Group

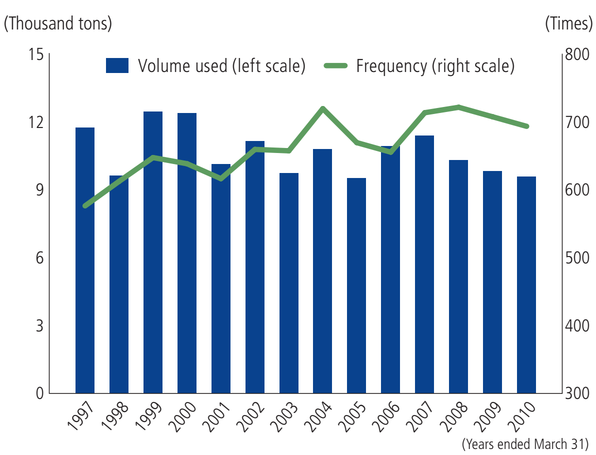
Volume rank	Item	Purpose of usage	CAS No.*	Improvements, etc.
1	Dichloromethane (Methylene chloride)	Paint removal	75-09-2	Used non-methylene chloride-based materials in fuselage paint removal operations
2	Tributyl phosphate	Aircraft hydraulic fluid	126-73-8	
3	Toluene	Solvent used for paint	108-88-3	Selected paints with few volatile ingredients
4	Trichloroethylene	Steam washing before plating	79-01-6	Reduced usage by preventing steam diffusion and collecting liquid solution

* An internationally standardized number that uniquely identifies a specific chemical substance.

Aircraft Washing and Discharged Water Processing

At Haneda and Narita airports, ANA washes its aircraft at night. In the fiscal year ended March 2010, ANA Group water usage and the frequency of aircraft washing both decreased, reflecting a lower frequency of anti-freezing and de-icing. Improvements in washing procedures also helped to reduce ANA Group water usage. After each washing, water is treated at the airport's treatment facility and then discharged into the public sewerage system.

◆ ANA Group Water Usage and Frequency of Aircraft Washing

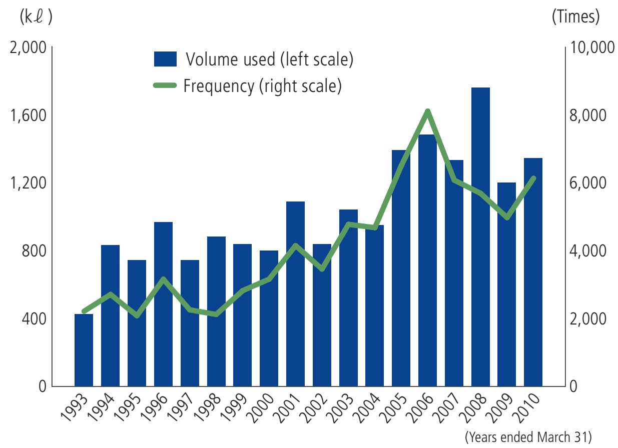


Reducing the Use of and Environmental Measures for Anti-Freezing and De-Icing Agents

For safety reasons, aircraft are not permitted to take off with snow or ice on the wings, control surfaces, or fuselage. Before departure, snow is removed using hot water or blown off with compressed air (in the case of dry snow), followed by the application of an anti-freezing agent. The ANA Group fully switched to propylene glycol (not subject to PRTR Law) as of 1996. Moreover, in the winter of 2009-2010 we began using Kilfrost Group PLC's environmentally friendly de/anti-icing fluid DF Sustain™ in some applications at New Chitose Airport as an additional environmental measure. Made from bio-glycol rather than petrochemical propylene glycol, Kilfrost's DF Sustain™ emits no CO_2 during use, as well as having such superior environmental features as significantly lower toxicity on aquatic fauna than conventional products. It has outperformed conventional de-icing fluids and shown good results. The ANA Group plans to use it more widely in the winter of 2010-2011.

In the winter of 2009-2010, although the frequency of de-icing and anti-freezing increased 23% year on year, the volume of agents used increased by only 12% as the ANA Group worked to develop and introduce new equipment and improve work procedures.

◆ Volume and Frequency of Use of De-Icing and Anti-Freezing Agents



Reducing Use of PRTR Substances and Volatile Gas Emissions during Aircraft Exterior Paint Work

As a groundwater and soil pollution countermeasure, in March 2009 the ANA Group adopted a neutral non-methylene chloride paint remover (made from eco-friendly substances not subject to the PRTR Law) in its fuselage painting and paint removing operations at maintenance centers in Japan. We have also adopted this product at some overseas maintenance centers and plan to progressively expand its use.

Moreover, in March 2010 we completed the final prototype of a chrome-free low-VOC (volatile organic compound) intermediate primer that we had been developing with a paint manufacturer since March 2005, and began trial painting on some aircraft. The primer has been favorably evaluated, and we are continuing our efforts to expand and evaluate its trial use toward eventual adoption.

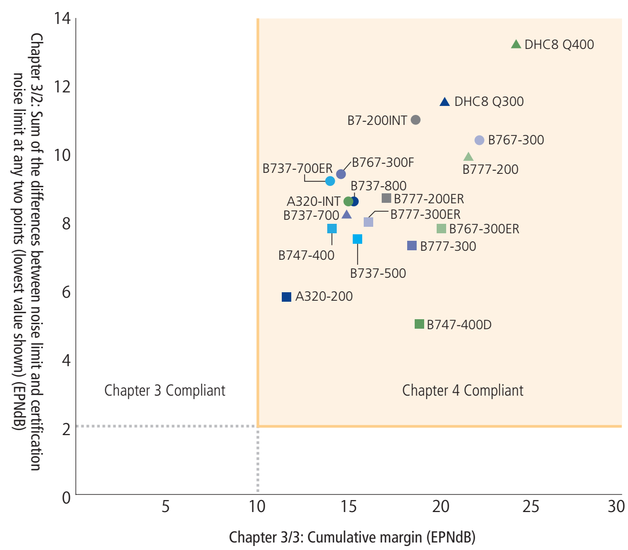
Additionally, in the fiscal year ended March 2003 we introduced low-VOC exterior paint, which emits very little volatile gas, and have expanded its use to all ANA Group aircraft.

Noise Countermeasures

In response to growing demand to reduce aircraft noise in recent years, the ANA Group is working to reduce noise for both people on the ground and aircraft passengers through ongoing efforts to improve flight procedures and aircraft materials.

The ANA Group's entire fleet conforms to Chapter 4, the strictest of the ICAO noise standards. The graph below shows the margins of each type of aircraft with respect to the noise standards. (The farther toward the upper right, the quieter the aircraft.)

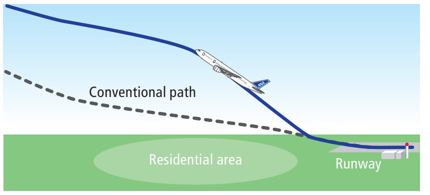
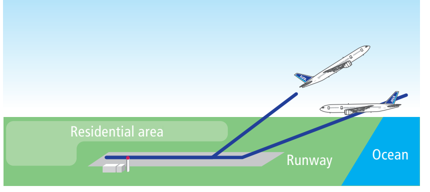
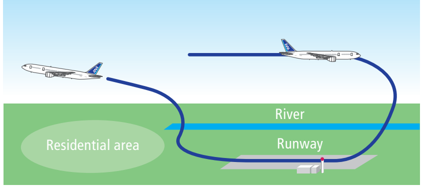
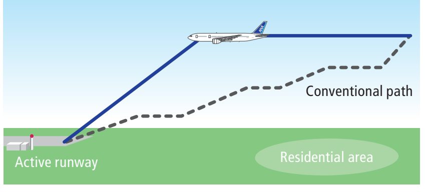
◆ ICAO Annex 16, Chapter 4 Standards (ANA Group Fleet)



Improving Flight Procedures

The ANA Group has devised various flight procedures to reduce the impact of flight noise at ground level.

◆ Primary Noise Abatement Procedures Implemented by ANA

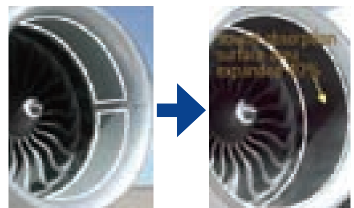
Procedure		Overview
Takeoff	Steepest climb procedure	Execute a steeper takeoff climb to a higher altitude than usual (to 3,000 feet), so as to keep noise contained within the airport as much as possible, while suppressing noise by attaining high altitudes in residential areas. 
Landing	Delayed flap-down approach	Delay flap-down and landing-gear-down operations to reduce air resistance to the airframe, so as to decrease the required engine thrust, thereby reducing noise.
	Low flap angle landing	Set smaller flap angle for use during final approach to reduce air resistance to the airframe, so as to decrease the required engine thrust, thereby reducing noise.
Landing and Takeoff	Preferential runway	If one side of the runway does not have a residential area, aircraft will take off and land from that direction, wind direction and velocity permitting. 
	Preferential flight path	In the airport vicinity (at lower altitude), select flight paths that pass over rivers or that avoid residential areas as much as possible. 
	Continuous descent using FMS[1] VNAV[2] function	This procedure uses the FMS VNAV function for non-precision approaches. Higher altitude is maintained until reaching the vicinity of the airport, followed by continuous descent to reduce change in engine thrust, thereby abating noise. This procedure can save fuel as well. 
	RNAV[3]/LLZ[4] flight	Use RNAV/LLZ in the airport vicinity while avoiding residential areas and shortening flight path. In the case of late-night flights at Haneda, avoid passing over Kisarazu (land area) and approach for landing via shortcut over the water.

1. FMS: Flight Management System, which uses flight conditions to calculate optimum speed and course as the basis for automatically adjusting engine output and flight controls.
2. VNAV: Vertical Navigation, a function that allows approach at a fixed angle of descent by registering information about the descent path in advance.
3. RNAV: Area navigation, a navigation method that assures the scheduled flight path using radio-navigation facilities as well as satellite and on-board equipment.
4. LLZ: Localizer, a system that indicates the horizontal deviation of landing aircraft from the runway centerline using electromagnetic waves.

Improving Aircraft Materials

As part of its participation in an accreditation and testing program for aircraft noise dampening technologies, the ANA Group cooperated in modifying noise sources (airframes and engines) and improving aircraft performance based on the results of test flights using a Boeing 777-300ER.

The following shows examples of noise abatement measures that are being implemented or investigated.

Procedure	Overview (Photos show examples)
Engines, nacelles	• Engines with high bypass ratios • Sound dampening by expanding the sound absorption surface area • Use of chevron (serrated) exhaust nozzles  Expanding the sound absorption surface area  Serrated exhaust nozzle
Aerodynamics	• Reduce aerodynamic noise with better streamlining of fuselage shell, flaps and landing gear • Reduce required thrust by reducing aerodynamic resistance • Improve takeoff efficiency through better aerodynamic performance  Improving aerodynamic performance  Streamlining landing gear
Materials	• Improve takeoff efficiency and required thrust by reducing weight
Aircraft systems	• Improve navigational accuracy, improve RNAV capabilities (area navigation)

Compliance with Environmental Laws and Regulations

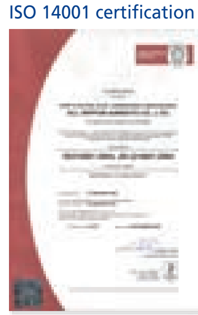
To fulfill its corporate social responsibility and properly respond to the expanding scope of this responsibility, since the fiscal year ended March 2003 the ANA Group has progressively created a framework for compliance with environmental laws and regulations.

Work Sites That Comply with Environmental Laws and Regulations

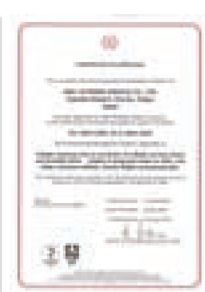
The ANA Group is involved in a diverse range of business types from aircraft to car maintenance plants and cabin cleaning services, and each Group work site is subject to an average of seven environmental laws and regulations related to waste disposal and other matters. Overall, the Group complies with 391 laws and regulations.

The ANA Group responds appropriately to changes in environmental legislation and in the fiscal year ended March 2010, we incurred no penalties and caused no environmental mishaps.

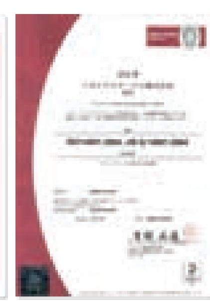
ISO 14001 certification



Acquired in 2002 for Narita maintenance district



Acquired by ANA Catering Service Co., Ltd. in 2007



Acquired by Sky Building Service Co., Ltd. in 2009

◆ Applicable Laws/Regulations

	Applicable Laws/Regulations	Applicable Facilities
1	Law of the re-manufacture of specific home appliances (Home Appliance Recycling Law)	56
2	Waste Management and Public Cleaning Law	56
3	Act on Recycling, etc., of End-of-Life Vehicles	21
4	Law concerning the protection of the ozone layer through the control of specified substances and other measures (Ozone Layer Protection Law)	45
5	Law for ensuring the implementation of recovery and destruction of fluorocarbons related to specified products (Fluorocarbons Recovery and Destruction Law)	47
6	Law concerning special measures for promoting appropriate treatment of polychlorobiphenyl waste	2
7	Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances into the Environment and Promotion of Improvements to the Management Thereof (PRTR Law)	18
8	Act on the Rational Use of Energy (Energy Saving Law)	13
9	Air Pollution Control Law	14
10	Law concerning special measures for total emission reduction of nitrogen oxides and small particles from automobiles in specified areas (Automobile NOx-PM Law)	21
11	Water Pollution Control Law	17
12	Sewage Control Law	7
13	Septic Tank Control Law	6
14	Noise Regulation Law	8
15	Vibration Regulation Law	7
16	Offensive Odor Control Law	6
17	Factory Allocation Law	1
18	Law for developing pollution prevention organizations at specified factories (Pollution Prevention System Development Law)	1
19	Toxic and Hazardous Substances Regulation Law	20
20	Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging	8
21	Building Material Recycling Law	2
22	Law to ensure sanitary environments in buildings	8
23	Food Recycling Law	7
	Total	391

Disposal of Used Vehicles

The ANA Group owns roughly 3,000 vehicles in Japan. Many of these are specialized vehicles whose disposal entails various problems such as logistics.

To properly dispose of these used vehicles, we established a Japan-wide network that conforms with both the Waste Management Law and the Act on Recycling, etc., of End-of-Life Vehicles, which was enacted in April 2005.

The system locates reliable operators in the Hokkaido, Tohoku/Kanto, Hokuriku, Kansai/Chubu, Chugoku, Shikoku, Kyushu and Okinawa regions to properly and efficiently dispose of such vehicles used at airports in each region.

Through this network, in the fiscal year ended March 2010 we properly disposed of 170 vehicles that had been used at airports nationwide in accordance with the Waste Management Law. These vehicles provided a total of approximately 380 tons of metal.

◆ Used Vehicle Disposal Network

Conserving Resources

In-Flight Service Supplies

ANA has switched economy class menu cards to reusable photo panels of meals that can be passed around the cabin in an effort to reduce paper.

Promoting Recycling

Promoting a "Closed Recycling" System for In-Flight, Airport and Group Operations

The ANA Group is working to implement a "Closed Recycling" system where it reuses waste generated by in-flight, airport and group office operations as resources in these and other operations throughout the ANA Group. This system ensures the reliable and effective reuse of old copies of in-flight magazines, timetables, unused supplies that have reached their expiration dates and other resources.

Company envelopes made partly from recycled ingredients from old copies of the in-flight magazine *Wingspan*

Recycling Uniforms

Used uniforms of cabin attendants and ground staff are processed and returned to their original form of fiber, and reused as automotive soundproofing materials.

◆ Other Initiatives

Aircraft maintenance	Revision of method for measuring the aircraft's center of gravity (measurement without discarding fuel on board)
	Purification of paint thinner and other solvents used in aircraft painting work by contracted company for reuse
	Reduction of detergents for cleaning engine parts by using ultra-high-pressure water spray
	Reuse of activated carbon used in cabin air conditioning systems and treatment of wastewater from aircraft hangars
	Recycling of aircraft engine parts and aluminum scraps from repairs into metal materials
Aircraft cabins	Presorted collection of cabin refuse (empty bottles and cans) from international flights
Air cargo divisions	Recycle vinyl sheets for protection of cargo from rain and dust into solid fuel and garbage bags
Ground facilities and equipment	Use of rainwater and treated kitchen wastewater (intermediate water)
	Recycling of ground vehicles and other equipment used at airports into metal materials

e-flight: Thinking about the Environment with Our Passengers

The ANA Group started its unique initiative "e-flight" eco-trial flights in 2006. In 2009, ANA held the flights for the fourth year on the Haneda-Sapporo, Haneda-Okinawa and Narita-Singapore routes.

The flights allow people who cherish thinking about the environment to share their beliefs. In keeping with the focus on promoting a strong ecological message and environmentally friendly products related to air travel, passengers also cooperate by recycling paper cups and reducing their baggage weight (to lighten the plane).

In surveys regarding this initiative, which is unprecedented among the world's airlines, many passengers have expressed their support for ANA, urging the continuation of e-flights and saying how the flights had raised expectations of the ANA Group.

While incorporating the opinions of passengers, ANA will continue to provide some of the new services implemented on its e-flights.

Wine in a lightweight PET bottle

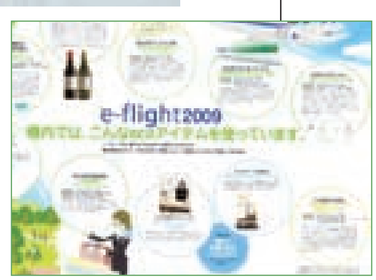
A biomass plastic cup

Paper cup recycling

e-flight

Paper napkins made from discarded tea leaves

Chopsticks made from domestic lumber from thinned trees



A pamphlet distributed to passengers. The ANA Group also introduces its environmental initiatives through in-flight videos and information screens at airports.

Some of the in-flight amenities provided to passengers. Even on the ground, ANA is striving to reduce environmental impact. For example, at some airports the plastic used to wrap baggage is collected and recycled.

Environmental and Social Contribution Activities

Based on the slogan "For People and the Planet," the ANA Group is engaged in the *Aozora* ("Blue Sky") Project to expand public awareness of the need to safeguard the environment.

Forestation Project

Since 2004, the ANA Group has been involved in a 10-year forestation project in areas surrounding the 50 domestic airports it serves. In the fiscal year ended March 2010, ANA planted and tended trees while communicating with local volunteers in two new areas in Nagasaki and Noto, as well as seven other areas where efforts are continuing.

At Yonago, a total of 250 people, including local volunteers and participants from Asiana Airlines, took part in planting 750 Japanese black pines resistant to mountain pine beetle. ANA has been working with Asiana on this CSR activity since 2008 with the aim of regenerating a scenic, insect-damaged beach on the Yumigahama peninsula in Sakaiminato, Tottori Prefecture.

ANA owns the Rankoshi Forest and Amagi-Yugashima Forest forestlands near the Chitose Airport and Haneda Airport. According to a report from the Forestry Agency in the year ended March 2010, the Rankoshi Forest absorbs carbon dioxide equivalent to the volume emitted by 23 people over the course of a year, while the Yugashima Forest absorbs carbon dioxide equivalent to the volume emitted by 25 people. In addition to its afforestation activities, ANA invited an instructor from Kyoto University's Field Science Education and Research Center to offer a field seminar on afforestation, the environment and preserving ecosystems.

In March 2009, ANA announced its participation in the National Conference on Fostering Beautiful Forests in Japan, a national campaign being promoted by the Forestry Agency. The ANA Group is committed to remaining engaged in afforestation and forest management activities based on its ongoing commitment to sustainable environmental activities that can be passed on to future generations.

◆ History of Forestation Activities in the Fiscal Year Ended March 2010

	Name	Nearest Airport	Frequency	Details
May 17	Forest of Aso	Kumamoto	Second time	Afforestation
May 30	Tensho Boys' Embassy Forest	Nagasaki	First time	Afforestation
Jun. 14	Shirakami Forest	Odate-Noshiro	Fourth time	Afforestation
Jun. 27	Rankoshi Forest	Chitose	Sixth time	Undergrowth cutting
Jul. 5	Chiba Wakaba Forest	Narita	Second time	Undergrowth cutting
Jul. 11	Itobaru Kaigan Forest	Oita	Fourth time	Undergrowth cutting
Aug. 2	Asahi Forest	Hiroshima	Fifth time	Environmental learning
Oct. 10	Akakokko Forest	Miyakejima	Cancelled due to typhoon	Afforestation
Oct. 24	Kiriko Forest	Noto	First time	Afforestation
Mar. 27	Hamahirugao Forest	Yonago	Second time	Afforestation

Planting saplings in Kiriko Forest at Noto Airport

Commemorative photo from Hamahirugao Forest at Yonago Airport

◆ Forests Planted near 50 Airports across Japan

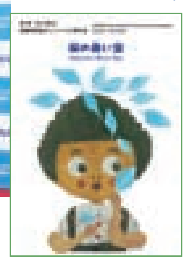
Rankoshi Forest at Chitose Airport

Aozora ("Blue Sky") Environmental Picture Book Competition

The *Aozora* Environmental Picture Book Competition, begun in 2003, aims to teach and inspire future generations about the value of nature and provide an opportunity to discuss the environment with family and friends. Entries are collected and outstanding entries given awards. The ANA Group holds the competition yearly, with support from the Environment Ministry and the National Federation of UNESCO Associations in Japan.

The reviewing committee, headed by author C.W. Nicol, selects the grand prize and other outstanding works, with the results listed on ANA's website, ANA Sky Web.

In 2009, the Seventh *Aozora* Environmental Picture Book Competition attracted 366 submissions from Japan and seven other countries, with Kazuo Akasaki, a resident of Kumamoto Prefecture, the first-prize winner with an entry titled *Sakura's Blue Sky*. The winning entry was published in an edition of 50,000 as a bilingual book, in Japanese and English, and handed out to passengers mainly on ANA Group flights, and by request at various branches or airports.



First-prize winner *Sakura's Blue Sky*

Team Tyura Sango

Currently, the rising temperature of seawaters is causing bleaching and a large-scale outbreak of crown of thorns starfish that threaten Okinawa's coral with extinction. Team Tyura Sango was a project formed in 2004 as a partnership among government, academia and business to restore and protect the coral community near Onnason, Okinawa Prefecture, in a bid to support the restoration of coral reef ecosystems.

In accordance with guidelines set by the Japanese Coral Reef Society, volunteer divers hand plant coral in waters just off the Onnason coast, after the coral has been grown at onshore facilities. The coral is originally collected from the seabed near Onnason. Volunteers have planted more than 1,500 heads of coral since the project started. In 2009, coral planting was carried out two times in spring and fall with 159 participants.

In addition to continuing these preservation activities, ANA is also ensuring that the hand-planted coral continues to grow and spawn to increase in size and number. We want these activities to inspire an awareness of the importance of the beauty of the seas with as many people as possible.

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

Supporting Environmental and Social Training for the Next Generation

Continuing on from the previous fiscal year, ANA held a hands-on environmental program jointly with Takeo High School in Saga Prefecture. This program for high school students who form the next generation will, with the support of ANA Group employees, provide a hands-on opportunity to rediscover the natural world and think about community involvement as well as interact with company employees and other adults.

In 2009, 20 first- and second-year students from Takeo High School spent about six months doing interviews and surveys related to the abundant sightseeing resources and environmental preservation activities in Takeo City, Saga Prefecture, and then gave presentations on their research in Takeo on November 3, 2009.

ANA Group Environmental Data

The ANA Group's impact on the environment and society is reported in quantitative terms using tables, graphs and charts, based on data compiled for the fiscal year ended March 2010.

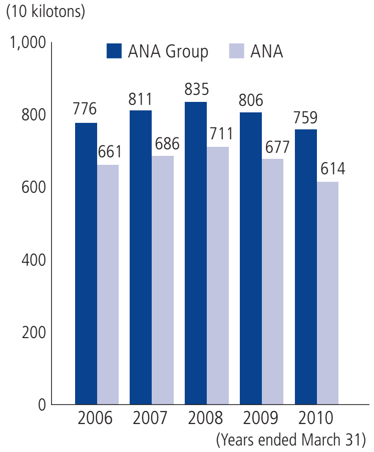
◆ ANA Group Environmental Data (Fiscal Year Ended March 2010)

				Units	ANA Internal	ANA Group
Ozone depletion		Halon and fluorocarbon (aircraft)	Amount of discharge	kg	0	0
Water resources		Total water usage (buildings)		10,000 tons	44.4	66.7
Ecosystem-related environmental issues	Water pollution	Total waste treatment (buildings)		10,000 tons	3.5	14.1
		Aircraft anti-ice agent usage		kℓ	Included in figure at right	1,347
	Toxic substances	Amount of PCB (polychlorinated biphenyl) storage		ton	4.4	11.4
Global warming	Deforestation	Total paper consumption		ton	Included in figure at right	7,253
	Energy	Total energy consumption (crude oil equivalent)	Total	crude oil 10,000 kℓ	281	298
			Aircraft energy consumption (crude oil equivalent)	crude oil 10,000 kℓ	236	292
			Ground energy consumption (crude oil equivalent) (Power supplied to parked aircraft from ground included)	crude oil 10,000 kℓ	4.5	6.4
			Total aircraft fuel consumption	10,000 kℓ	249.4	308.1
			Consumption per seat-kilometer	L/100ASK	3.56	3.60
	Air pollution	Total number of vehicles/aircraft	Aircraft	aircraft	Included in figure at right	210
			Motor vehicles	cars	Included in figure at right	3,520
			Ratio of low-emission vehicles	%	21	23
		Carbon dioxide (CO_2) emissions	Total	10,000 ton-CO_2	623	771
			Aircraft (total carbon emissions)	10,000 ton-CO_2	614	759
			Aircraft (emissions per seat-kilometer)	g-CO_2/ASK	87.7	88.6
			Ground equipment and vehicles (total emissions)	10,000 ton-CO_2	9.4	11.9
		Nitrogen oxide (NOx)	(Aircraft – amount of emissions in LTO cycle*)	10,000 ton-NOx	0.51	0.61
		Hydrocarbon (HC)	(Aircraft – amount of emissions in LTO cycle*)	10,000 ton-HC	0.06	0.07
		Carbon monoxide (CO)	(Aircraft – amount of emissions in LTO cycle*)	10,000 ton-CO	0.37	0.47
		Fuel dumped for emergency landing (aircraft)	Amount of fuel dumped	kℓ	0	0
			Times	times	0	0
Waste	Waste	Waste produced	Total	10,000 tons	2.07	2.35
			In-flight operations–Total cabin waste and sewage	10,000 tons	1.73	1.73
			Ground operations–Total ground waste	10,000 tons	0.34	0.62

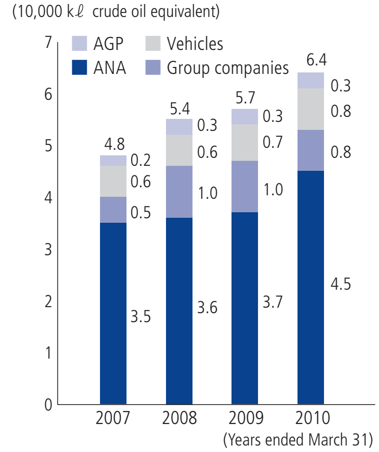
The above data was complied from the environmental activities of ANA and a limited number of ANA Group companies (Air transportation, Maintenance, Ground handling, Catering, Vehicle maintenance, Building maintenance, etc.) in the fiscal year ended March 2010. Figures do not include data for all ANA Group companies.
* LTO (Landing/Takeoff) cycle: Standard model for landing/takeoffs stipulated by the ICAO

Principal Environmental Data

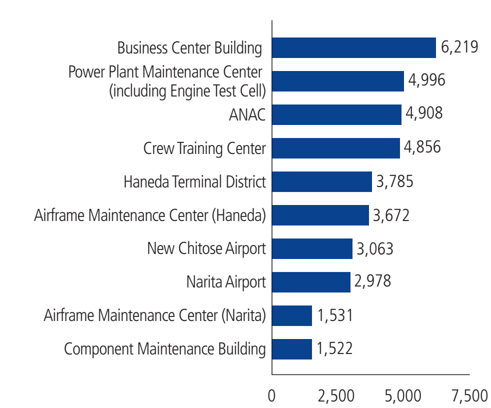
◆ CO_2 Emissions From Aircraft



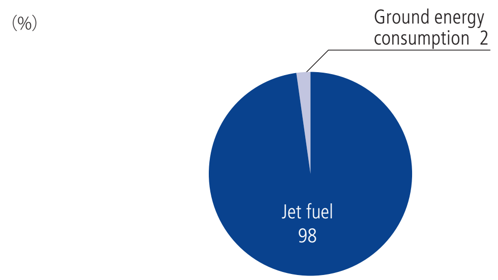
◆ Ground Energy Consumption



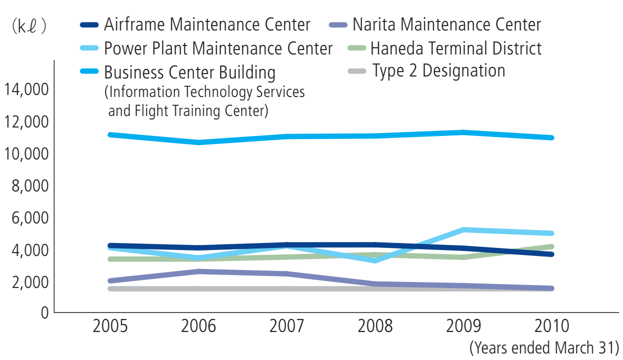
◆ Energy Consumption by Major Work Site



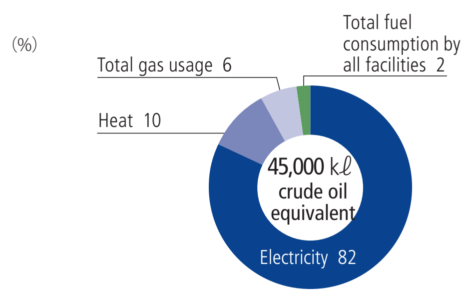
◆ Breakdown of Annual Energy Consumption
(Crude oil equivalent)
(Including electric power supplied to aircraft)



◆ Energy Consumption by Major Offices
(Crude oil equivalent)



◆ Breakdown of Ground Energy Consumption



Waste Produced

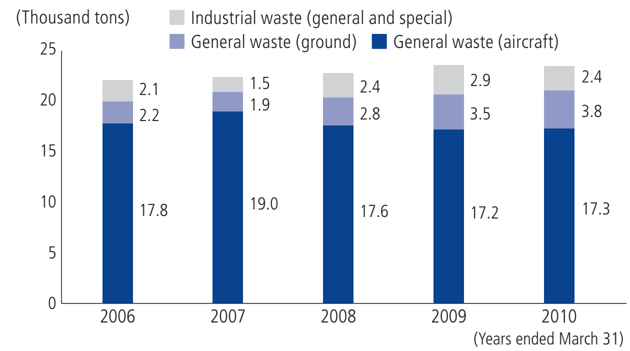
Summary

In the fiscal year ended March 2010, the ANA Group as a whole produced 23,510 tons of waste. Of the total, general waste from aircraft (toilet sewage and cabin refuse) accounted for roughly 70%. The remainder was produced by ground operations, but industrial waste decreased substantially year on year. Waste plastics accounted for approximately 30% of the total, about the same percentage as in the previous fiscal year. Reducing cabin refuse and waste plastics is crucial to lowering the amount of waste.

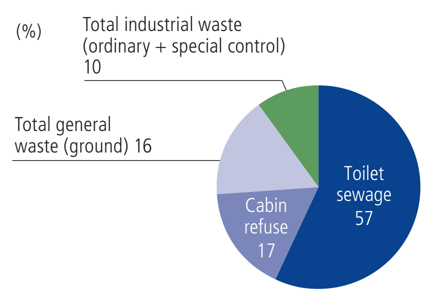
Year-on-Year Comparisons

In the fiscal year ended March 2010, the ANA Group produced 10 tons less waste year on year. Industrial waste decreased overall, but waste produced by ground operations increased due to some relocations.

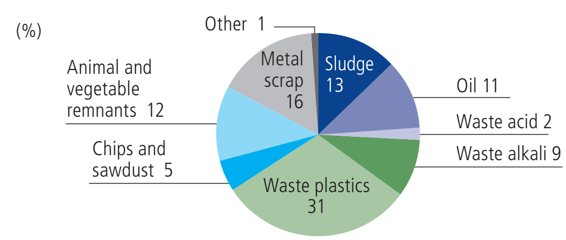
◆ Waste Produced



◆ Breakdown of Waste



◆ Breakdown of Industrial Waste



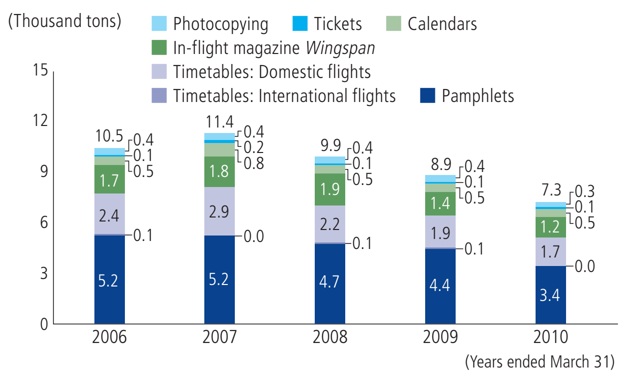
Paper Consumption

Summary

In the fiscal year ended March 2010, the ANA Group as a whole consumed 7,253 tons of paper. This was a decrease of 1,627 tons, or 18%, year on year. Overall consumption decreased, including products used in airline marketing such as timetables, pamphlets, posters and in-flight magazines, as well as copy paper.

The decrease in copy paper consumption resulted from reduction, reuse and recycling activities.

◆ ANA Group Paper Consumption



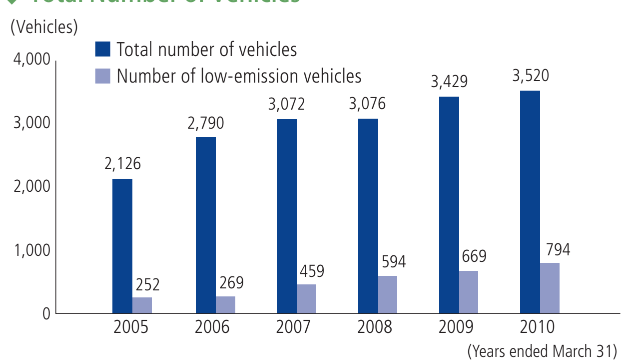
Ground Vehicles

Summary

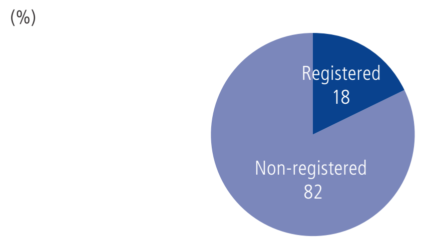
The ANA Group has a total of 3,520 ground vehicles in use, including vehicles under lease. The number of low-emission vehicles increased by 125 year on year.

The percentage of low-emission vehicles is steadily increasing. In the fiscal year ended March 2010, they accounted for approximately 23% of the total, a year-on-year increase of 3 percentage points.

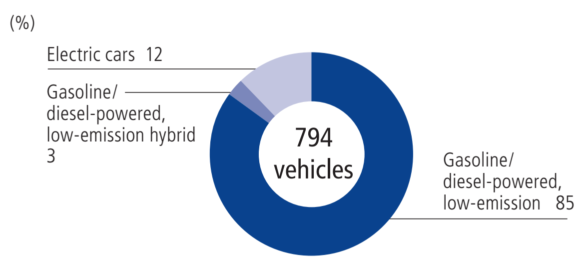
◆ Total Number of Vehicles



◆ Breakdown of Vehicles in Service



◆ Breakdown of Low-Emission Vehicles



Financial Section

Consolidated 11-Year Summary

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

	2010	2009	2008	2007
For the Year				
Operating revenues	1,228,353	1,392,581	1,487,827	1,489,658
Operating expenses	1,282,600	1,384,992	1,403,438	1,397,468
Operating income (loss)	(54,247)	7,589	84,389	92,190
EBITDA (Note 3)	59,559	120,470	201,176	180,800
Income (loss) before income taxes and minority interests	(95,593)	(4,445)	115,224	51,064
Net income (loss)	(57,387)	(4,260)	64,143	32,658
Cash flows from operating activities	82,991	(39,783)	165,765	158,714
Cash flows from investing activities	(251,893)	(111,139)	(69,827)	(128,298)
Cash flows from financing activities	173,791	114,504	(87,336)	(100,897)
Free cash flow	(168,902)	(150,922)	95,938	30,416
Depreciation and amortization (excluding extraordinary depreciation)	113,806	112,881	116,787	88,610
Capital expenditure	209,937	145,709	357,733	251,926
At Year-End				
Total assets	1,859,085	1,761,065	1,783,393	1,602,091
Interest-bearing debt (Note 4)	941,691	897,236	767,876	749,446
Short-term debt (Note 4)	180,775	169,462	136,399	158,724
Long-term debt (Note 4)	760,916	727,774	631,477	590,722
Total shareholders' equity (Note 5)	473,552	321,883	452,972	398,223
Per Share Data (Yen, U.S. dollars)				
Net income	(24.67)	(2.19)	32.93	16.77
Net assets	188.93	166.50	232.58	204.42
Cash dividend	—	1.00	5.00	3.00
Average number of shares during the year (thousand shares)	2,326,547	1,945,061	1,947,736	1,947,618
Management Indexes				
Operating income margin (%)	—	0.5	5.7	6.2
Net income margin (%)	—	—	4.3	2.2
ROA (%) (Note 6)	—	0.6	5.3	6.0
ROE (%) (Note 7)	—	—	15.1	8.8
Equity ratio (%)	25.5	18.3	25.4	24.9
Debt/equity ratio (times) (Note 8)	2.0	2.8	1.7	1.9
Asset turnover (times)	0.7	0.8	0.9	0.9
Interest coverage ratio (times) (Note 9)	4.6	—	10.7	8.9
Current ratio (times)	0.9	0.9	0.9	0.9
Payout ratio (%)	—	—	15.2	17.9
Number of employees	32,578	33,045	31,345	32,460
Operating Data				
Domestic passenger services				
Passenger revenues (¥ millions / $ thousands)	630,976	699,389	739,514	726,063
Available seat-km (millions)	57,104	59,222	62,651	62,414
Revenue passenger-km (millions)	35,397	37,596	39,928	40,564
Number of passengers (thousands)	39,894	42,753	45,557	46,471
Load factor (%)	62.0	63.5	63.7	65.0
Unit revenues (¥)	11.0	11.8	11.8	11.6
Yield (¥)	17.8	18.6	18.5	17.9
International passenger services				
Passenger revenues (¥ millions / $ thousands)	214,124	291,077	311,577	278,478
Available seat-km (millions)	26,723	27,905	28,285	26,607
Revenue passenger-km (millions)	20,220	19,360	21,291	20,145
Number of passengers (thousands)	4,666	4,432	4,827	4,552
Load factor (%)	75.7	69.4	75.3	75.7
Unit revenues (¥)	8.0	10.4	11.0	10.5
Yield (¥)	10.6	15.0	14.6	13.8
Domestic Cargo				
Cargo revenues (¥ millions / $ thousands)	31,829	33,097	30,566	30,574
Cargo volume (tons)	458,732	475,014	462,569	457,914
International Cargo				
Cargo revenues (¥ millions / $ thousands)	55,750	69,069	72,192	62,195
Cargo volume (tons)	422,449	354,251	332,507	277,571

Notes: 1. As of March 31, 2010, there were 72 consolidated subsidiaries and 24 equity-method subsidiaries and affiliates.
2. U.S. dollar amounts in this report are translated, for convenience only, at the rate of ¥93.04=US$1, the approximate exchange rate as of March 31, 2010.
3. EBITDA = operating income + depreciation and amortization
4. Lease obligations are included from the fiscal year ended March 2008 as a result of the early application of the Accounting Standard for Lease Transactions (revised March 30, 2007).
5. Total shareholders' equity = shareholders' equity + valuation, translation adjustments and others

	Yen (Millions)						U.S. dollars (Note 2) (Thousands)
2006	2005	2004	2003	2002	2001	2000	2010
1,368,792	1,292,813	1,217,596	1,215,909	1,204,514	1,279,635	1,209,647	13,202,418
1,279,990	1,215,039	1,183,242	1,218,506	1,181,546	1,197,392	1,178,088	13,785,468
88,802	77,774	34,354	(2,597)	22,968	82,243	31,559	(583,050)
165,003	148,220	98,590	59,255	84,305	141,576	90,000	640,144
52,433	45,679	35,221	(54,821)	(7,178)	63,289	(22,689)	(1,027,439)
26,722	26,970	24,756	(28,256)	(9,456)	40,286	(15,201)	(616,799)
128,525	149,070	89,793	85,952	33,993	148,796	77,249	891,992
(46,449)	(169,247)	(95,882)	(52,478)	(123,927)	(17,964)	(85,207)	(2,707,362)
(3,137)	(51,600)	82,867	(63,364)	69,104	(158,359)	45,640	1,867,917
82,076	(20,177)	(6,089)	33,474	(89,934)	130,832	(7,958)	(1,815,369)
76,201	70,446	64,236	61,852	61,337	59,333	58,441	1,223,194
235,580	210,180	147,644	129,863	132,408	94,391	111,269	2,256,416
1,666,843	1,606,613	1,565,106	1,442,573	1,510,982	1,451,420	1,534,617	19,981,567
846,317	942,256	1,031,713	945,395	1,017,823	935,730	1,112,340	10,121,356
149,438	204,454	206,557	83,916	221,481	175,519	268,618	1,942,981
696,879	737,802	825,156	861,479	796,342	760,211	843,722	8,178,374
346,309	214,284	150,086	121,954	138,641	150,500	97,456	5,089,767
15.64	17.26	16.14	(18.42)	(6.17)	27.75	(10.54)	(0.265)
177.89	128.31	97.66	79.57	90.40	98.19	67.61	2.030
3.00	3.00	3.00	—	—	—	—	—
1,708,031	1,562,537	1,533,368	1,533,940	1,533,744	1,451,543	1,442,100	
6.5	6.0	2.8	—	1.9	6.4	2.6	
2.0	2.1	2.0	—	—	3.1	—	
5.7	5.2	2.7	0.3	2.0	6.1	2.7	
9.5	14.8	18.2	—	—	32.5	—	
20.8	13.3	9.6	8.5	9.2	10.4	6.4	
2.4	4.4	6.9	7.8	7.3	6.2	11.4	
0.8	0.8	0.8	0.8	0.8	0.9	0.8	
6.3	7.0	4.1	3.8	1.2	4.2	2.0	
1.1	0.8	1.0	1.1	0.9	1.0	0.9	
19.2	17.4	18.6	—	—	—	—	
30,322	29,098	28,870	28,907	29,095	29,358	30,303	
685,074	658,762	644,861	646,854	662,772	672,504	653,737	6,781,771
60,973	60,648	63,148	62,565	60,980	61,074	60,093	
39,712	38,454	38,857	40,388	38,780	38,469	38,411	
45,474	44,486	44,784	47,133	45,796	45,509	45,431	
65.1	63.4	61.5	64.6	63.6	63.0	63.9	
11.2	10.9	10.2	10.3	10.8	11.0	10.9	
17.3	17.1	16.6	16.0	17.1	17.5	17.0	
229,232	210,735	176,956	185,481	169,660	207,449	180,776	2,301,418
25,338	25,190	24,626	25,974	26,928	32,446	33,772	
18,769	19,191	16,950	18,719	17,799	24,124	22,510	
4,135	4,116	3,301	3,784	3,438	4,378	3,999	
74.1	76.2	68.8	72.1	66.1	74.4	66.7	
9.0	8.4	7.2	7.1	6.3	6.4	5.4	
12.2	11.0	10.4	9.9	9.5	8.6	8.0	
29,659	29,515	26,670	24,330	24,746	28,283	27,718	342,100
440,750	422,397	414,406	383,583	386,727	434,333	420,846	
55,380	50,089	43,205	40,393	32,937	40,403	40,081	599,204
248,735	234,417	220,476	195,669	152,942	192,997	195,384	

6. ROA = (operating income + interest and dividend income) / simple average of total assets
7. ROE = net income / simple average of total shareholders' equity
8. Debt/equity ratio = interest-bearing debt / total shareholders' equity. Interest-bearing debt includes lease obligations from the fiscal year ended March 2008 as a result of the early application of the Accounting Standard for Lease Transactions.
9. Interest coverage ratio = cash flows from operating activities / interest expenses

* Yen amounts are rounded down to the nearest million. Percentages are rounded to the nearest number. U.S. dollar translations and other operating data are rounded down beginning with the fiscal year ended March 2009.

Industry Trends

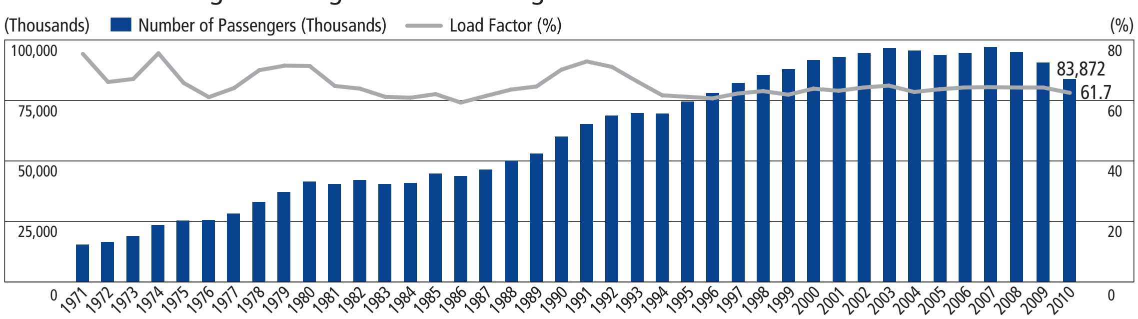
Top 20 Airlines by Number of Revenue Passengers

(Thousands)

Ranking	Airline	Number of Passengers	Ranking	Airline	Number of Passengers
1	Southwest Airlines	101,338	11	China Eastern Airlines	43,382
2	American Airlines	85,720	**12**	**All Nippon Airways**	**41,921**
3	Delta Air Lines	67,935	13	Japan Airlines International	41,826
4	United Airlines	65,959	14	Northwest Airlines	40,865
5	China Southern Airlines	65,282	15	Easyjet	39,743
6	Ryanair	56,024	16	Air China Limited	39,665
7	Lufthansa	53,223	17	Qantas Airways	38,316
8	US Airways	50,975	18	British Airways	32,281
9	Air France – KLM	47,965	19	TAM Linhas Aéreas	28,956
10	Continental Airlines	44,032	20	Gol Airlines	27,962

Source: IATA World Air Transport Statistics, 2009

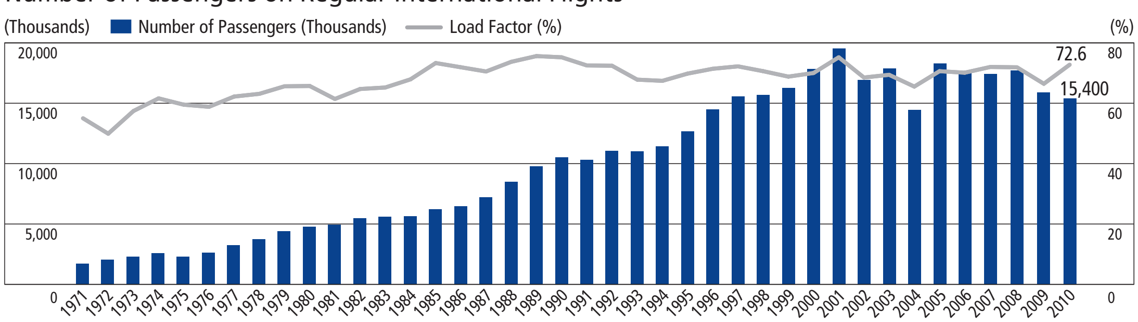
Number of Passengers on Regular Domestic Flights



(Years ended March 31) Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics

* Figures for the year ended March 2010 are from a preliminary report.

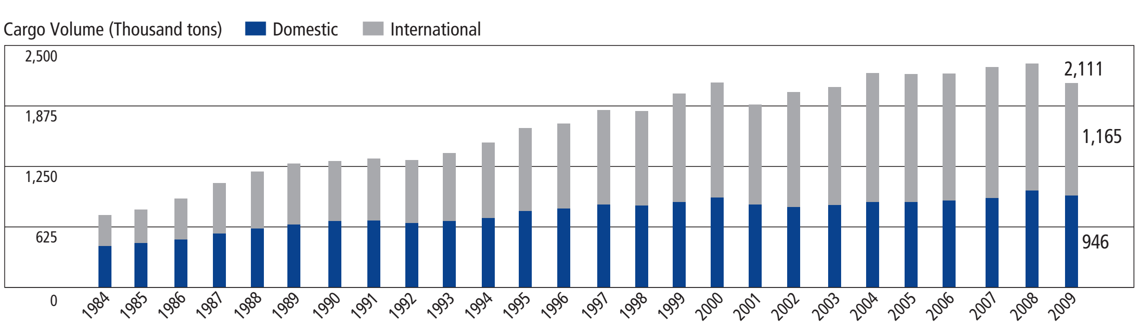
Number of Passengers on Regular International Flights



(Years ended March 31) Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics

* Figures for the year ended March 2010 are from a preliminary report.

Domestic and International Cargo Shipping Volume



(Calendar years) Source: Ministry of Land, Infrastructure, Transport and Tourism, Annual Air Transport Statistics

* Figures for 2009 are from a preliminary report.

Management's Discussion and Analysis

Overview

Overview of the ANA Group

The ANA Group, or the "Group," consists of All Nippon Airways Co., Ltd. ("ANA" or the "Company"), its 117 subsidiaries and 47 affiliates. The Group has 72 consolidated subsidiaries and 24 equity-method subsidiaries and affiliates.

Selectivity and concentration on the air transportation business have been central to the ANA Group's management reforms. With the divestiture of the hotel business in 2007 to move away from diversified businesses, the Group's primary operations at present are air transportation, together with travel services and other businesses including trading and sales, system development and maintenance.

The ANA Group announced its Mid-Term Corporate Strategy (April 2008 to March 2012) in January 2008. The Group sees the expansions of the airports in the Tokyo area that are scheduled for the fiscal year ending March 2011 as central to its strategies for expanding the scale of operations and earnings growth, and has worked to further strengthen profitability on domestic routes and expand in the growth areas of international passenger and cargo operations. However, the unprecedented volatility in the price of crude oil and the global recession during the fiscal year ended March 2009 caused a significant decrease in demand, and results deteriorated substantially. The operating environment remained difficult during the fiscal year ended March 2010. The ANA Group formulated its FY 2009 Emergency Plan in April 2009, followed by the FY 2009 Emergency Income Recovery Plan in response to the strongly negative impact on earnings of H1N1 influenza. These efforts to reduce costs did not fully compensate for the decrease in operating revenues, which was greater than expected.

Mid-Term Corporate Strategy

In the fiscal year ending March 2011, the ANA Group will capitalize on the expansions of airports in the Tokyo area and the strategic introduction of Boeing 787 aircraft as business opportunities. Accordingly, it must restructure its business base in response to the global recession and abrupt changes in the operating environment. Based on this understanding, in July 2009 the ANA Group increased its capital by ¥142.7 billion through a public offering of shares.

In addition, the ANA Group recognized the importance of self-reliance in overcoming currently challenging operating conditions to achieve stable growth and build a flexible earnings structure that is resilient to environmental changes, and therefore formulated the ANA Group FY2010-2011 Corporate Strategy in March 2010.

The two fiscal years ending March 2012 are positioned as a time for transformation into a completely new ANA. Concentrating on the following strategies, the ANA Group will steadily implement management reforms.

- Expand network business based on the Haneda expansion and the Narita-Haneda Dual Hub model
- Strengthen global marketing to increase customers in global markets
- Strengthen the Okinawa Cargo Hub & Network and its sales organization to improve the profitability of cargo operations
- Create a new cost structure and enhance productivity
- Reform the Group operating structure

The ANA Group's operating environment has changed significantly, but its vision of becoming Asia's Number One Airline Group in quality, customer satisfaction and value creation has not. The Group is placing the highest priority on safe operations in working to make significant progress from 2010 onward.

(Please see the interview with President and CEO Shinichiro Ito on pages 6 to 14 for a discussion of specific initiatives under the Group's Mid-Term Corporate Strategy.)

Economic Conditions

General Economic Overview

In the fiscal year ended March 2010, the global recession initiated by the financial crisis in the United States continued to impact the Japanese economy. However, improvement in the global economy centered on China and Asia and the effect of policies including urgent economic measures supported gradual improvement in corporate earnings, which in turn helped halt the decrease in capital expenditures. Consumer spending also began to gradually improve. Although the economy is steadily recovering, the recovery is not self-sustaining, and conditions remain severe, with a higher level of unemployment than ever before.

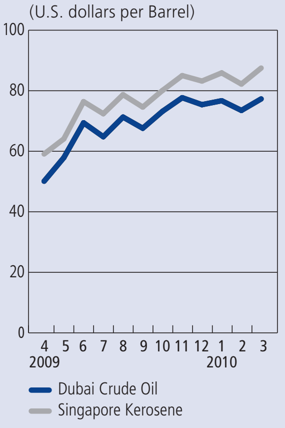
Fuel Price and Exchange Rate Trends

The price of crude oil began the fiscal year ended March 2010 at $45 to $50 per barrel following unprecedented volatility in the fiscal year ended March 2009. Global economic recovery raised the price of crude oil to $60 to $70 per barrel during the first half, and then to the $70 to $80 range during the second half.

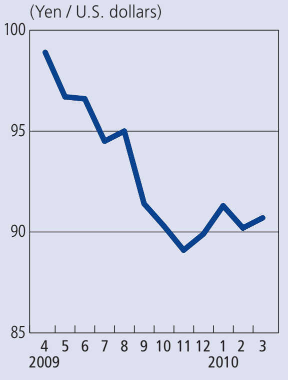
As of March 31, 2010, the Dubai crude oil price was $78.70 per barrel, with an average price for the fiscal year of $69.60 per barrel. In addition, the market price of Singapore kerosene tracked the price of crude oil, ending the fiscal year at $89.60 per barrel as of March 31, 2010, with an average price for the fiscal year of $77.40 per barrel.

The yen-dollar exchange rate moved in a range of ¥110 to ¥90. The average exchange rate during the first half was ¥95.50 to US$1.00. Thereafter, the trend toward a stronger yen continued, with the impact of the financial crisis in Dubai in November 2009 causing the yen to temporarily appreciate to the level of ¥84.00 to US$1.00. The exchange rate hovered around ¥90 in the second half, with an average exchange rate of ¥90.30 to US$1.00. Consequently, the yen averaged ¥92.90 to US$1.00 for the fiscal year ended March 2010.

Prices for Dubai Crude Oil and Singapore Kerosene
(Fiscal Year Ended March 31, 2010)



Monthly Yen-Dollar Exchange Rate
(Fiscal Year Ended March 31, 2010)



Air Transport Traffic Trends

In 2009, the number of passengers on scheduled international routes of airlines that are members of the International Air Transportation Association (IATA) decreased 3.5% compared with the previous year to 680 million. Passengers on scheduled domestic routes decreased 0.1% to 930 million. Moreover, scheduled global air cargo volume decreased 8.5%. (Source: IATA World Air Transport Statistics, 2009)

The number of passengers on scheduled routes in Japan in the fiscal year ended March 2010 decreased 7.5% compared with the previous fiscal year to 83.87 million. The number of passengers on trunk routes declined 6.3% from the previous fiscal year to 34.93 million, and the number of passengers on local routes decreased 8.3% from the previous fiscal year to 48.95 million. The volume of domestic cargo decreased 3.6% from the previous fiscal year to 960 thousand tons. The number of passengers carried by Japanese airlines on international routes in the fiscal year ended March 2010 decreased 3.1% from the previous fiscal year to 15.40 million. By destination, flights to China increased from the previous fiscal year, but flights to all other areas declined. The volume of international cargo handled by Japanese airlines increased 5.3% from the previous fiscal year to 1.27 million tons. (Source: Ministry of Land, Infrastructure, Transport and Tourism preliminary report)

Performance for the Fiscal Year Ended March 2010

Overview

Operating revenues decreased 11.8% year on year to ¥1,228.3 billion. The fiscal year ended March 2010 remained subject to the effects of the global recession that carried over from the second half of the previous fiscal year, and deflation continued. The ANA Group's operating environment therefore remained challenging.

The H1N1 pandemic in the first quarter caused a sharp drop in passenger demand during the first half. With business demand declining on both domestic and international routes, ANA implemented measures to stimulate leisure demand by offering more discount fares and promoting tourism. In the second half, signs of recovery in demand for business travel gradually began to emerge on international routes. In the fourth quarter individual passenger demand on domestic routes exceeded the same period of the previous year, indicating that the stubbornly weak number of passengers on domestic routes had finally begun to recover.

However, the large decrease in the number of passengers during the first half and continued weakness in unit prices during the second half caused a substantial decrease in operating revenues in the air transportation segment. Similarly, operating revenues decreased year on year in the travel services and other businesses segments.

As a result of programs to improve the ANA Group's cost structure, operating expenses decreased 7.4%, or ¥102.3 billion, compared with the previous fiscal year to ¥1,282.6 billion. The FY 2009 Emergency Plan initiated in April 2009 reduced costs by ¥73.0 billion compared with the previous fiscal year, and the FY 2009 Emergency Income Recovery Plan initiated in July 2009 reduced outlays by an additional ¥30.0 billion. These programs each reached their targets, but the cost reductions of more than ¥100.0 billion did not fully compensate for the decrease in operating revenues. Consequently, operating loss totaled ¥54.2 billion, compared to operating income of ¥7.5 billion for the previous fiscal year.

Net non-operating expenses totaled ¥41.3 billion, compared to net non-operating expenses of ¥12.0 billion for the previous fiscal year due partly to lower gain on sale of property and equipment and higher interest expenses as well as impairment loss and special retirement benefits. As a result, net loss totaled ¥57.3 billion, compared with net loss of ¥4.2 billion for the previous fiscal year.

Review of Operating Segments

Air Transportation

Segment revenues decreased 11.5% compared with the previous fiscal year to ¥1,087.8 billion as a result of a substantial decrease in revenues due to a drop in demand and weak unit prices in all air transportation businesses — domestic passenger services, international passenger services and cargo operations.

In domestic passenger services, the decline in business demand due to the recession and the impact of H1N1 influenza were both pronounced. Passenger demand therefore weakened. Under these conditions, the ANA Group increased flights on popular routes while terminating or scaling back flights on low-profit routes and flexibly redeploying aircraft in continuing to more closely match capacity and demand. Moreover, the ANA Group moved to maintain and enhance convenience by expanding code sharing with partner airlines, and worked to strengthen competitiveness by setting a more detailed menu of fares based on passenger demand and competitive conditions as well as by offering more discount fares. The monthly number of passengers began to exceed previous-year levels from February 2010, but the recovery in demand took longer than expected and the number of passengers for the fiscal year decreased year on year. In addition, the unit price decreased because of the substantial impact of the decline in business demand.

As a result, the number of passengers on domestic routes decreased 6.7% and passenger unit prices decreased 3.3% compared with the previous fiscal year. Operating revenues from domestic passenger services decreased 9.8%, or ¥68.4 billion, compared with the previous fiscal year.

In international passenger services, business demand continued to decrease because of the effects of the global recession that carried over from the second half of the previous fiscal year and the H1N1 influenza pandemic. However, the ANA Group offered highly price-competitive fares and strengthened sales programs to stimulate demand. As a result, the number of passengers began to recover from August 2009, particularly among leisure travelers. Meanwhile, the ANA Group managed capacity in the first half by launching a new Kansai-Seoul (Gimpo) route in May 2009 (terminated March 31, 2010) while terminating or scaling back flights on low-profit routes and redeploying aircraft. When demand began to recover in the second half, the ANA Group increased flights and switched to larger aircraft on high-demand routes. Moreover, the ANA Group flexibly adjusted to demand through moves such as adding temporary services during the summer and New Year holidays.

As a result, the number of passengers on international routes increased 5.3%, but passenger unit price decreased 30.1% compared with the previous fiscal year because of lower capacity utilization in business class, more intense market competition, and the reduction and temporary elimination of fuel surcharges. Operating revenues from international passenger services decreased 26.4%, or ¥76.9 billion, compared with the previous fiscal year.

In December 2009, ANA, United Airlines and Continental Airlines filed an application with the U.S. Department of Transportation for antitrust immunity to enable the three carriers to create a trans-Pacific network,

Years ended March 31,	Yen (Millions) 2010	2009	2008
Air Transportation Expenses			
Fuel and fuel tax	¥ 249,920	¥ 303,439	¥ 266,127
Landing and navigation fees	92,443	101,171	106,014
Aircraft leasing	60,383	59,936	63,389
Depreciation and amortization	111,310	110,064	112,871
Aircraft maintenance – parts and contracts	56,309	63,397	61,824
Personnel	229,534	232,564	241,383
Sales commissions	76,666	92,709	95,307
Outsourcing	80,399	79,928	82,483
Other	188,490	181,526	194,294
	1,145,454	1,224,734	1,223,692
Travel Services Expenses	166,994	189,408	214,323
Other Business Expenses	134,718	144,858	193,776
Total Operating Expenses	1,447,166	1,559,000	1,631,791
Intercompany Eliminations	(164,566)	(174,008)	(228,353)
Consolidated Operating Expenses	¥1,282,600	¥1,384,992	¥1,403,438

and began preparing for a strategic alliance covering network planning, revenue management, and sales strategy. (In June 2010, ANA filed a similar application with Japan's Ministry of Land, Infrastructure, Transport and Tourism.)

In cargo operations, demand for home delivery services including *Yu-Pack* remained solid in the domestic cargo business. Moreover, cargo connecting to international routes increased due to the start-up of the Okinawa Cargo Hub & Network during the second half. However, demand for general bulk cargo shipments remained sluggish throughout the fiscal year, causing domestic cargo operating revenues to decrease 3.8% compared with the previous fiscal year.

In international cargo services, shipments began to recover from September 2009 onward, particularly on China routes. The ANA Group responded to demand by increasing capacity on high-demand cargo flights originating from Narita and aggressively adding flights as needed. In October 2009, the ANA Group responded to regional demand within Asia by starting operations at Okinawa Cargo Hub & Network, using Naha Airport as the center of a hub-and-spoke network for late-evening connecting flights of medium-body cargo freighters. As a result of these efforts, international cargo volume increased year on year. The unit price began to recover, but was substantially lower year on year. Operating revenues decreased 19.3% compared with the previous fiscal year. In domestic mail services, both volume and operating revenues decreased year on year. In international mail services, operating revenues decreased compared with the previous fiscal year despite a year-on-year increase in volume.

Operating expenses decreased 6.5 percent, or ¥79.2 billion, compared with the previous fiscal year to ¥1,145.4 billion. The FY 2009 Emergency Plan and the FY 2009 Emergency Income Recovery Plan reduced expenses as expected, and the ANA Group lowered fuel costs and landing and navigation fees by adjusting capacity to reduced demand. The ANA Group also reduced personnel and outsourcing expenses, and reduced sales commissions by eliminating commissions on ticket sales for international flights. Excluding the increase in expenses resulting from the addition of subsidiaries to the scope of consolidation, the ANA Group reduced expenses by more than ¥100.0 billion during the fiscal year ended March 2010.

Consequently, operating loss in the air transportation segment was ¥57.5 million, compared with operating income of ¥4.7 billion for the previous fiscal year.

A breakdown of operating expenses is as follows.

• Fuel and fuel tax expenses

Fuel and fuel tax expenses decreased 17.6% compared with the previous fiscal year to ¥249.9 billion. The average market price for crude oil during the fiscal year decreased compared with the previous fiscal year and the appreciation of the yen further reduced the cost of crude oil. Moreover, ANA reduced fuel expenses in ways such as reducing flights and downgauging aircraft in response to demand. ANA's efforts to curb consumption volume included fuel management measures to increase fuel efficiency through engine washing and optimal altitude operation.

Fuel and fuel tax expenses decreased to 21.8% of segment operating expenses from 24.8% for the previous fiscal year. As in the previous year, the Company sought to control the risk of jet fuel price fluctuations and stabilize expenses by hedging risks using crude oil and jet fuel commodity derivatives in planned, ongoing hedge transactions for specific periods of time.

• Landing and navigation fees

The number of flights increased 0.1% on domestic routes, decreased 11.9% on international routes, and increased 3.0% on cargo routes. Due mainly to the decrease in international flights and the temporary reduction of fees during the fiscal year, landing and navigation fees decreased 8.6% compared with the previous fiscal year to ¥92.4 billion.

• Aircraft leasing expenses

Aircraft leasing expenses increased 0.7% compared with the previous fiscal year to ¥60.3 billion. The number of leased aircraft decreased to 70 from 71 at the end of the previous fiscal year, but expenses for purchases of seats on partner airlines increased.

• **Depreciation and amortization expenses**

Depreciation and amortization expenses increased 1.1% to ¥111.3 billion. The number of Company-owned aircraft increased by 1 to 140, and depreciation and amortization of investment in information systems rose.

• **Aircraft maintenance expenses – parts and contracts**

Aircraft maintenance expenses decreased 11.2% compared with the previous fiscal year to ¥56.3 billion. This decrease was principally due to lower expenses for contracted engine maintenance.

• **Personnel costs**

Personnel costs decreased 1.3% compared with the previous fiscal year to ¥229.5 billion. While the addition of subsidiaries to the scope of consolidation increased personnel expenses, employee bonuses, management salaries and various benefit costs decreased.

• **Sales commissions**

Sales commissions decreased 17.3% compared with the previous fiscal year to ¥76.6 billion due mainly to the elimination of commissions on agency sales for international flights, fewer passengers and lower mileage program costs.

• **Outsourcing expenses**

Outsourcing expenses increased 0.6% compared with the previous fiscal year to ¥80.3 billion. Lower operating costs supported by effective matching of supply and demand offset increased expenses due to the addition of subsidiaries to the scope of consolidation.

• **Other expenses**

Other expenses increased 3.8% compared with the previous fiscal year to ¥188.4 billion. The ANA Group worked to reduce advertising, travel and other expenses, but the addition of subsidiaries to the scope of consolidation added to costs including goods for air cargo services.

Travel Services

Segment revenues decreased 11.5% compared with the previous fiscal year to ¥166.9 billion as unit prices continued to decrease. Demand remained weak both in Japan and overseas during the first half of the fiscal year due to the impact of the recession and H1N1 influenza. ANA implemented sales promotion campaigns from the summer through the second half, expanded its lineup of products to include domestic ski tours and overseas tours with flights in business class, and strengthened Internet sales. Demand began to recover as a result. Operating expenses decreased 11.8% compared with the previous fiscal year to ¥166.9

Non-Operating Income (Expenses)	Yen (Millions)		
Years ended March 31,	2010	2009	2008
Interest and dividend income	¥ 2,672	¥ 2,868	¥ 4,610
Interest expenses	(18,160)	(14,832)	(15,049)
Foreign exchange gain (loss)	1,694	1,126	(1,653)
Gain on sale of property and equipment	1,092	15,020	5,184
Loss on sale or disposal of property and equipment	(14,068)	(8,213)	(8,974)
Impairment loss	(1,253)	—	(14,111)
Equity in income of affiliates	(204)	271	385
Gain on sale of investments in securities	18	324	876
Loss on sale of investments in securities	—	—	(14)
Valuation loss on investments in securities	(644)	(3,893)	(3,825)
Amortization of net transitional retirement benefit obligation	(6,423)	(6,534)	(6,634)
Special retirement benefit expenses	(4,467)	(660)	(1,217)
Gain on sale of hotel business assets	—	—	132,992
Gain on transfer of benefit obligation relating to employees' pension fund	1,723	—	—
Income from compensation	273	678	—
Gain on insurance adjustment	—	2,869	—
Extraordinary depreciation	—	—	(22,331)
Loss on disposal of parts for retired aircraft property and equipment	—	—	(11,198)
Adoption of accounting standard for leases	—	—	(3,823)
Provision for loss on antitrust proceedings	(648)	—	(16,198)
Expense related to antitrust proceedings	(856)	(2,105)	—
Other, net	(2,095)	1,047	(8,185)
Total	¥(41,346)	¥(12,034)	¥ 30,835

billion, due to meticulous cost reductions throughout operations. Consequently, operating loss was ¥18 million, compared to operating loss of ¥0.6 billion for the previous fiscal year.

Other Businesses

Segment revenues decreased 7.0% compared with the previous fiscal year to ¥137.7 billion. Sales decreased in the airport store business of the trading and retailing operations of All Nippon Airways Trading Co., Ltd. because of the decrease in the number of passengers. Volume of work handled in aircraft and machinery operations also decreased. In addition, orders for systems development and maintenance decreased at ANA Information Systems Planning Co., Ltd. from ANA and other Group companies. Operating expenses decreased 7.0% compared with the previous fiscal year to ¥134.7 billion. Operating income therefore decreased 8.8% compared with the previous fiscal year to ¥3.0 billion.

Non-Operating Income (Expenses)

Net non-operating expenses totaled ¥41.3 billion, compared with net non-operating expenses of ¥12.0 billion for the previous fiscal year. The net negative change of ¥29.3 billion reflected an increase of ¥3.7 billion in net interest expenses. The sale of aircraft and engines resulted in gain on sale of property and equipment totaling ¥1.0 billion, compared to ¥15.0 billion for the previous fiscal year, while loss on sale or disposal of property and equipment increased ¥5.8 billion year on year. ANA offered some employees early retirement, which resulted in special retirement benefit expenses of ¥4.4 billion. ANA also recognized impairment loss of ¥1.2 billion on aircraft and buildings.

Net Income

As a result of the above, loss before income taxes and minority interests was ¥95.5 billion, compared with loss before income taxes and minority interests of ¥4.4 billion for the previous fiscal year. With the application of tax effect accounting and the addition of deferred income taxes, net loss was therefore ¥57.3 billion, compared with net loss of ¥4.2 billion for the previous fiscal year. Net loss per share was ¥24.67, compared with net loss per share of ¥2.19 for the previous fiscal year.

Cash Flows

Fundamental Approach to Sources of Funds

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

The ANA Group raises funds mainly through bank loans and bond issuance, and has concluded commitment lines totaling ¥100.0 billion with 14 leading domestic financial institutions to ensure emergency access to working capital. All of the commitment lines were unused as of March 31, 2010.

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

Overview of the Fiscal Year Ended March 2010

The sum of net cash provided by operating activities and net cash used in investing activities was a deficit of ¥168.9 billion, while net cash provided by financing activities totaled ¥173.7 billion. As a result, cash and cash equivalents increased ¥4.7 billion from a year earlier to ¥148.1 billion.

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥82.9 billion. The substantial operating loss resulted in a loss before income taxes and minority interests of ¥95.5 billion. However, factors including an income tax refund of ¥37.3 billion, adjustment for depreciation and amortization, and an increase in trade notes and accounts payable contributed to positive cash flows from operating activities.

	2010	2009	2008	2007	2006
Debt/Equity Ratio (Times)	2.0	2.8	1.7	1.9	2.4
Interest Coverage Ratio (Times)	4.6	—	10.7	8.9	6.3

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

Cash Flows from Investing Activities

Net cash used in investing activities increased ¥140.7 billion compared with the previous fiscal year to ¥251.8 billion. The largest use of cash was payment for purchase of property and equipment totaling ¥209.9 billion resulting from purchases of aircraft and other assets such as spare parts and advance payments for planned purchases of aircraft. Moreover, payment for purchase of marketable securities totaled ¥116.0 billion while proceeds from redemption of marketable securities totaled ¥71.0 billion, reflecting fund management using certificates of deposit.

Free Cash Flow

As discussed above, net cash provided by operations totaled ¥82.9 billion, but net cash used in investing activities increased substantially to ¥251.8 billion. Consequently, the sum of net cash provided by operating activities and net cash used in investing activities was a deficit of ¥168.9 billion, compared with a deficit of ¥150.9 billion for the previous fiscal year.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥173.7 billion. The ANA Group used cash to repay long-term debt and leases, redeem bonds and pay dividends, and enhanced liquidity by procuring funds. Proceeds from issuance of stock totaled ¥141.8 billion as a result of a public offering and a third-party allocation of shares. Proceeds from long-term debt totaled ¥194.3 billion.

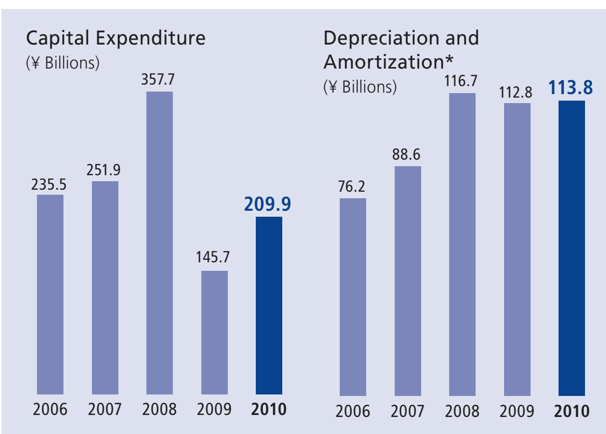
Returns to shareholders consisted of expenditures of ¥1.9 billion for payment for dividends, and ¥1.0 billion for payment for acquisition of treasury stock.

Capital Expenditure and Aircraft Procurement

Capital Expenditure

The ANA Group's capital expenditure mainly comprises the acquisition of aircraft, aircraft engines and aircraft parts, and investments related to information systems. Capital expenditure in the fiscal year ended March 2010 increased 44.1% compared with the previous fiscal year to ¥209.9 billion, centered on investment in aircraft such as the strategic Boeing 787.

By segment, compared with the previous fiscal year capital expenditure increased 45.0% to ¥207.8 billion in the air transportation segment, decreased 83.7% to ¥0.03 billion in the travel services segment, and decreased 7.5% to ¥3.4 billion in the other businesses segment.



*Excluding extraordinary depreciation

Fundamental Approach to Aircraft Procurement

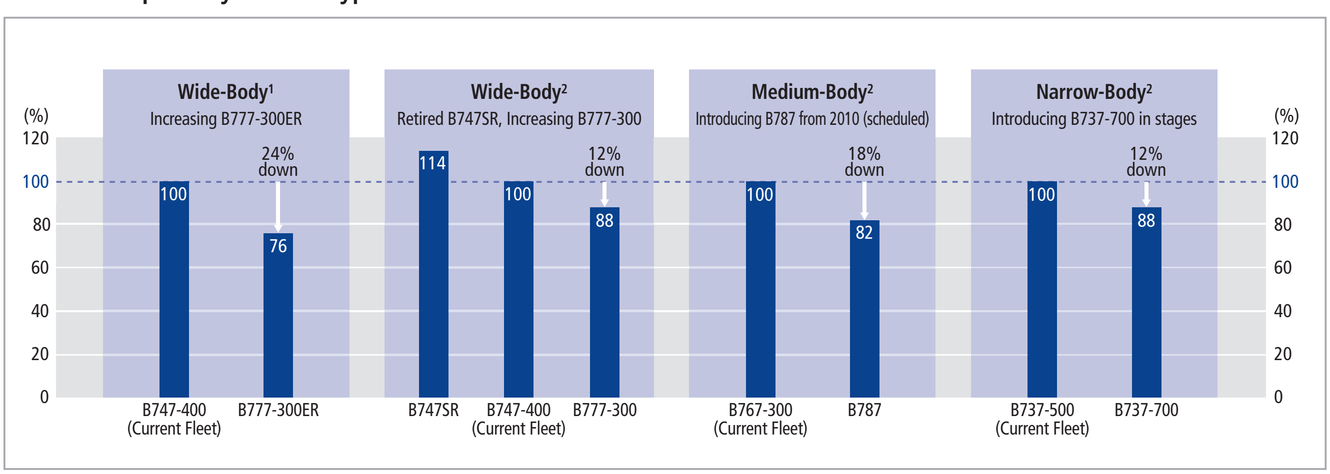
Aircraft are major investments that are in use for more than 10 years. Decisions regarding the selection of aircraft types suited to networks and programs to optimize fleet composition are among the most important issues for airline management.

ANA's basic approach is to purchase and hold strategic aircraft that are intended for medium-to-long-term use. For aircraft intended for short-term use or introduced for capacity adjustment, ANA selects the procurement method with the best financial conditions, including the use of leases.

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

The completion of expansion of the airports in the Tokyo area during the fiscal year ending March 2011 will present a major business opportunity to increase competitiveness. The ANA Group's investment strategy to restart growth involves the planned introduction of 25 aircraft in the fiscal year ending March 2011. This will include four core Boeing 777-300ER aircraft with upgraded passenger cabin specifications, five Boeing 767-300ER aircraft, and five Boeing 737-800 aircraft. In addition, the ANA Group plans to convert two Boeing 767-300ER aircraft that it owns into freighters and introduce one Bombardier DHC-8-400 aircraft. Moreover, The ANA Group will take delivery of its first strategic Boeing 787, a medium-body aircraft with extended range and outstanding fuel efficiency, and plans to introduce eight of these aircraft by the end of the fiscal year. On the other hand, the ANA Group plans to retire a total of ten aircraft, including Boeing 747-400s used on international routes and Airbus A320-200s, to integrate the number of

Fuel Consumption by Aircraft Type



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

models, and will aggressively introduce fuel-efficient models to steadily improve its cost structure.

With the introduction of fuel-efficient aircraft including the Boeing 787, the ANA Group plans to have fuel-efficient aircraft account for approximately half of its entire jet fleet by the end of March 2012.

Aircraft Procured in the Fiscal Year Ended March 2010

In line with the above Fleet Strategy, the ANA Group's operating fleet was unchanged from a year earlier at 210 aircraft as of March 31, 2010.

Newly introduced aircraft

During the fiscal year ended March 2010, the ANA Group took delivery of seven aircraft, all of which it purchased. The aircraft consisted of one Boeing 777-300, one Boeing 767-300, four Boeing B737-800s, and one Bombardier DHC-8-400.

Retired aircraft

The ANA Group retired four aircraft, consisting of two Boeing 747-400s (sold), one Airbus A320-200 (returned after lease), and one Bombardier DHC-8-400 (sold).

Leased aircraft after sale

As of March 1, 2010, three Boeing 747-400s were leased after sale.

Leased aircraft

As of March 31, 2010, the ANA Group was leasing nine aircraft outside the Group, consisting of one Boeing 767-300, three Boeing 737-500s, four Boeing 737-400s and one CRJ700.

ANA Group Operating Fleet

As of March 31, 2010	Total	Owned	Leased
Boeing 747-400	13 (-2)	10 (-2)	3
Boeing 777-300	21 (+1)	18 (+1)	3
Boeing 777-200	23	18	5
Boeing 767-300	51 (-3)	40 (-3)	11
Boeing 767-300F (Cargo freighter)	9 (+3)	5 (+3)	4
Boeing 737-800	8 (+4)	8 (+4)	0
Boeing 737-700	18	14	4
Boeing 737-500	19 (-2)	10 (-2)	9
Airbus A320-200	29 (-1)	15	14 (-1)
Bombardier DHC-8-400	14	1	13
Bombardier DHC-8-300	5	1	4
Total	210	140 (+1)	70 (-1)

Notes: 1. Figures in parentheses show changes from the previous fiscal year-end.
2. Only the number of aircraft in the ANA Group Operating Fleet is presented.
3. The above table does not include aircraft leased outside the ANA Group (nine aircraft as of March 31, 2010, five aircraft as of March 31, 2009).

Financial Position

Assets

As of March 31, 2010, total assets increased ¥98.0 billion from a year earlier to ¥1,859.0 billion.

Current assets decreased ¥25.1 billion from a year earlier to ¥421.5 billion. Marketable securities increased ¥96.0 billion, while cash decreased ¥46.4 billion. Deferred income taxes – current decreased ¥48.5 billion from a year earlier because of fuel price and foreign currency hedge transactions.

Total non-current assets increased ¥123.1 billion from a year earlier to ¥1,437.5 billion. The ANA Group purchased seven new aircraft and three refurbished aircraft, and returned one leased aircraft. Flight equipment therefore increased ¥32.5 billion, while leased assets decreased ¥10.8 billion from a year earlier and the total of construction in progress and advance payments on aircraft purchase contracts increased ¥56.6 billion. Moreover, deferred income taxes – non-current increased ¥42.9 billion from a year earlier.

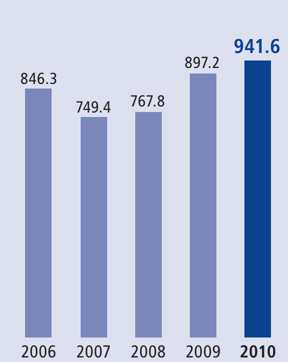
Liabilities

Total liabilities as of March 31, 2010 decreased ¥56.2 billion from a year earlier to ¥1,378.9 billion.

Current liabilities decreased ¥30.5 billion from a year earlier to ¥472.6 billion. Short-term bank loans decreased ¥17.4 billion from a year earlier to ¥29.0 billion. Current portion of long-term debt increased ¥18.7 billion and current portion of bonds and notes increased ¥10.0 billion. Current portion of lease obligation was slightly higher at ¥11.8 billion. The total of these four items is included in short-term loans, including current portion of long-term debt, and finance lease obligations on the balance sheet, which increased ¥11.3 billion. Liabilities associated with derivatives, which are included in other current liabilities, decreased ¥51.5 billion.

Long-term liabilities decreased ¥25.7 billion from a year earlier to ¥906.3 billion. Long-term debt, less current portion and finance lease obligations, increased ¥33.1 billion from a year earlier. Interest-bearing debt increased ¥44.4 billion from a year earlier to ¥941.6 billion. Liabilities associated with derivatives, which are included in other long-term liabilities, decreased ¥61.1 billion. The debt/equity ratio was 2.0 times, compared with 2.8 times a year earlier.

Interest-Bearing Debt
(¥ Billions)

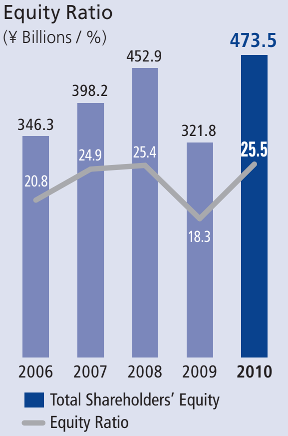


As of March 31,	Yen (Millions) 2010	2009	2008
Short-term loans:			
Short-term bank loans	¥ 29,096	¥ 46,571	¥ 2,580
Current portion of long-term loans	99,820	81,111	68,022
Current portion of bonds and notes	40,000	30,000	50,000
Current portion of lease obligation	11,859	11,780	15,797
	180,775	169,462	136,399
Long-term debt (excluding current portion):			
Loans, principally from banks	628,609	546,975	429,578
Notes and bonds	95,000	135,000	145,000
Lease obligation	37,307	45,799	56,899
	760,916	727,774	631,477
Total interest-bearing debt	¥941,691	¥897,236	¥767,876

Net Assets

As of March 31, 2010, net assets increased ¥154.2 billion from a year earlier to ¥480.0 billion. Retained earnings decreased ¥59.3 billion from a year earlier because of payment of dividends and the net loss for the fiscal year. Common stock increased ¥71.3 billion from a year earlier and capital surplus increased ¥70.9 billion as a result of the issue of shares totaling ¥142.7 billion. Moreover, settlement of hedging transactions and a decrease in valuation loss due to more favorable conditions in the futures market than a year earlier resulted in a decrease of ¥69.3 billion in deferred loss on hedging instruments. As a result, shareholders' equity increased ¥151.6 billion from a year earlier to ¥473.5 billion.

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



Net assets per share increased ¥22.43 from ¥166.50 at the end of the previous fiscal year to ¥188.93. The equity ratio increased 7.2 percentage points to 25.5% from 18.3% a year earlier.

Bond Ratings

ANA has obtained ratings on its long-term debt from Japan Credit Rating Agency, Ltd. (JCR) and Rating and Investment Information, Inc. (R&I). In September 2007, R&I raised the ANA Group's issuer rating to BBB+ from BBB. In October 2007, JCR raised the ANA Group's issuer rating and rating on long-term debt to A- from BBB+.

Bond ratings as of March 31, 2010 are as follows:

	JCR (Revised October 2007)	R&I (Revised September 2007)
Issuer rating	A-	BBB+
Long-term senior debt	A-	
Commercial paper	J-1	a-2

Retirement Benefit Obligation

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

Fuel Price and Exchange Rate Hedging

The ANA Group controls the risk of fluctuations in fuel prices, which significantly affect operating expenses, by continuously conducting transactions to hedge fuel prices and fuel-related foreign exchange rates with the goal of stabilizing fuel prices.

The ANA Group's policy is to hedge 100% of the volume of fuel the Group ultimately plans to use. Based on this policy, in each quarter, the Group continues to hedge approximately 8% of fuel purchases three years in advance. As of April 2010, the Group had a hedge ratio of approximately

As of / Years ended March 31,	Yen (Millions) 2010	2009	2008
Retirement benefit obligation	¥(268,131)	¥(269,719)	¥(265,910)
Plan assets at fair value	96,703	82,956	97,538
Unfunded retirement benefit obligation	(171,428)	(186,763)	(168,372)
Net amount unrecognized	52,220	70,049	56,826
	(119,208)	(116,714)	(111,546)
Prepaid pension cost	217	203	707
Accrued employees' retirement benefits	¥(119,425)	¥(116,917)	¥(112,253)
Net periodic pension and severance cost	¥ (23,731)	¥ (20,984)	¥ (19,580)
Discount rate	2.5%	2.5%	2.5%

80% for the fiscal year ending March 2011, approximately 55% for the fiscal year ending March 2012, and approximately 20% for the fiscal year ending March 2013.

Over the past several years, the ANA Group's international routes have accounted for a larger share of total fuel consumed. The ANA Group can add fuel surcharges to fares for international routes to cover a portion of the increase in fuel costs when crude oil prices rise. In light of this factor, the ANA Group has currently reduced the hedging ratio to between 80% and 90%.

For foreign exchange, in principle the ANA Group hedges the equivalent of 80% of annual U.S. dollar payments for items including fuel and aircraft payments. Based on this policy, beginning five years prior to the applicable fiscal year, the Group hedges an amount corresponding to 10% of the total estimated amount of U.S. dollar payments for that year annually, and executes hedges for the remaining amount in the applicable fiscal year. As of April 2010, the Group had a hedge ratio of approximately 60% for the fiscal year ending March 2011, approximately 40% for the fiscal year ending March 2012, approximately 30% for the fiscal year ending March 2013, approximately 20% for the fiscal year ending March 2014, and approximately 10% for the fiscal year ending March 2015.

Fuel price sensitivity for the fiscal year ending March 2011 without hedging is as follows:

Sensitivity to oil prices: approximately ¥1.9 billion increase in fuel cost per US$1/BBL increase in unit price

Sensitivity to foreign exchange rates: approximately ¥1.8 billion increase in fuel cost per ¥1 depreciation versus US$1

Allocation of Profits

Basic Policy on Allocation of Profits

ANA recognizes that shareholder returns are an important management priority, and works to enhance shareholder returns while maintaining a balance with efforts to strengthen its finances to support future business development.

Dividends for the Fiscal Year Ended March 2010 and Plans for the Fiscal Year Ending March 2011

For the fiscal year ended March 2010, after due consideration the ANA Group decided not to pay cash dividends because of the net loss in an operating environment of unprecedented difficulty, and the need to enhance its internal capital reserves and finances to support steady earnings growth in a competitive environment that is projected to become even more challenging.

The ANA Group will decide future dividends in light of its basic policy after comprehensively considering factors including the operating environment and performance. For the fiscal year ending March 2011, the ANA Group plans to pay cash dividends of ¥1.00 per share assuming a return to net profitability under the ANA Group FY2010-2011 Corporate Strategy.

Operating Risks

The following risks could have a significant effect on the judgment of investors in the ANA Group. Further, the forward-looking statements in the following section are the ANA Group's judgments as of March 31, 2010.

(1) Risk of Delayed Economic Recovery

The Japanese economy is recovering steadily, but its ability to sustain this recovery is weak. Concerns about a downturn in economies overseas, the effect of deflation and other factors create the risk of an economic downturn in Japan. In addition, current deflationary trends could be long term. Continued weakness in personal consumption and expectations for lower prices among consumer and businesses could drive unit prices lower for airfares, which account for a majority of the ANA Group's operating revenue, and thus could affect the ANA Group's performance.

(2) Risks Related to ANA's Management Strategy

1. Risks Related to ANA's Fleet Strategy

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

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

Dependence on Boeing

In accordance with its Fleet Strategy, the Company had ordered 112 aircraft as of March 31, 2010, 90 of which have been ordered from Boeing. Therefore, should Boeing be unable to fulfill its agreements with ANA due to financial or other issues, the Group would be unable to acquire aircraft in accordance with its Fleet Strategy. Such eventualities could significantly affect the ANA Group's performance.

An August 2009 Boeing announcement in connection with the Boeing 787 production schedule indicated that the first flight test would be conducted on December 15, 2009. ANA's plan to take delivery of Boeing 787s from October to December 2010 is therefore unchanged. However, deviation from the planned schedule resulting in material delays in delivery could create obstacles to the ANA Group's medium-to-long-term operations.

Delay of Aircraft Development Plan

In accordance with its Fleet Strategy, the Company has decided to introduce the Mitsubishi Regional Jet (MRJ) that Mitsubishi Heavy Industries is developing. Any delays in development or delivery, currently planned to start from the year ending March 2014, could create obstacles to the ANA Group's medium-to-long-term operations.

Problem with Koito Industries, Ltd.

In 2009, the discovery that test data for seats for a new aircraft had been falsified caused a delay in delivery. Future delays in delivery could affect the ANA Group's performance.

The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) indicated that it wanted seats that had been delivered checked again for conformance with technological standards. Issues such as extensive seat replacement resulting from this conformance testing could create obstacles to the ANA Group's medium-to-long-term operations.

2. Risks Related to Flight Slots

The ANA Group has made various investments and organizational changes in connection with the significant business opportunities created by the 2010 expansion of capacity at the two Tokyo area airports. MLIT has announced the allocation of new slots created for 2010, but has not announced details such as specific allocation for the second stage of slot increases.

Moreover, variance between the actual scale and timing of expansion of the two airports and the ANA Group's projections could affect the ANA Group's strategy of generating significant growth by taking advantage of Tokyo area airport capacity expansion, and could also affect achievement of the targets of the ANA Group management strategy.

3. Risks Related to Cargo Business Strategy

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

(3) Risks Related to Crude Oil Price Fluctuations

1. Risk of Increase in Crude Oil Prices

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

The ANA Group has a hedge ratio of approximately 80% of fuel volume for the fiscal year ending March 2011, which limits the effect of increases in the price of crude oil. Given the limitations of the ANA Group's ability to offset increases in crude oil prices through the cost reductions it is implementing and higher fares and charges, rising crude oil prices in the future could affect the ANA Group's performance over the medium-to-long term even though the prices of hedging instruments will rise because they generally move in tandem with the market.

2. Risk of Sudden Decrease in Crude Oil Prices

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

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

All of the ANA 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 ANA Group's performance by causing the number of passengers on the ANA Group's domestic and international routes to drop sharply.

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

(5) Risks Related to Foreign Exchange Rate Fluctuations

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

(6) Risks Related to the International Situation

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

(7) Risks Related to Statutory Regulations

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

(8) Risks Related to Litigation

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

1. Alleged Cartel in the United States

In February 2006, the Company's New York office was interviewed by U.S. judicial authorities in relation to an alleged cartel over airfares by major world airlines. At the same time, such authorities issued a subpoena for the submission of various materials. In addition, ANA's Americas office in Los Angeles was searched by the U.S. Federal Bureau of Investigation in March 2007, most likely in relation to antitrust laws. The Company is currently cooperating in the related investigation. A class action suit has been brought in the United States relating to these incidents, but no specific damages have been sought, making detailed analysis of the situation difficult.

2. Inspections by the European Commission

Based on their own evidence and that provided by other companies, in December 2007 the European Commission antitrust authorities pointed out that ANA might be violating EU Competition Law with regard to cargo. ANA is carefully examining this claim through attorneys and making appropriate responses. However, the European Commission could levy a heavy fine if it concludes that ANA has violated EU law. The Company has set aside ¥16.1 billion as an extraordinary loss as a provision against estimated future losses related to this matter.

3. Notice from the Korea Fair Trade Commission

The Korea Fair Trade Commission issued an Examiner's Report on October 29, 2009 pointing out that ANA might be violating Korean fair trade laws in the cargo business. On May 27, 2010, the Commission announced its decision on measures subsequent to public hearings.

The measures order ANA to pay a surcharge of 1,302 million won, or approximately ¥91 million at the exchange rate as of May 27, 2010. In the fiscal year ended March 2010, ANA set aside ¥648 million as an extraordinary loss as a provision against losses related to this matter. ANA plans to review the matter in detail in considering a timely and appropriate response.

(9) Risks Related to Public-Sector Fees

Public-sector fees include landing and navigation fees. In the fiscal year ended March 2010, public-sector fees for the ANA Group totaled ¥92.4 billion. While the government is currently implementing measures to reduce landing fees, such measures could be later scaled back or terminated.

(10) Risks Related to Environmental Regulations

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

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

The operating environment of the airline industry is changing dramatically. Mergers and acquisitions are taking place in the global airline industry as significant changes occur in the competitive environment. In Japan, changes in government policies under a new administration and the management decisions of competitors, particularly the decision by Japan Airlines Corporation to initiate corporate reorganization proceedings, may distort the competitive environment. Material changes in the competitive and operating environment could affect the ANA Group's performance.

(12) Risks Related to Competition

The possibility of future increases in costs related to the ANA Group's air transportation operations due to such factors as jet fuel expenses, the cost of raising funds, and responses to environmental regulations cannot be denied. If such costs increase, in order to secure income, it is necessary for the Group to reduce indirect fixed costs, reduce costs by enhancing efficiency through the standardization of aircraft types, and pass on costs through higher fares and charges. However, because the Group is in competition with other airlines 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 and lead to the loss of customers to competitors. Further, because price competition with competitors greatly restricts the passing on of costs, an increase in costs could affect the ANA Group's performance.

(13) Risks Related to Ineffective Strategic Alliances

Mainly through its membership in the Star Alliance, the Company enjoys a variety of benefits, including not only customer mix and market diversification as a result of heightened name recognition outside Japan, but also the sale of tickets by alliance partners (code-sharing) and the usage of our flights by members of other companies' mileage plans. However, the benefits of Star Alliance membership would diminish if a strategic partner withdrew from the Star Alliance, an alliance between two of the member companies ended, operating conditions deteriorated or the Star Alliance was restructured, or restrictions on activities were tightened due to external factors. Such eventualities could affect the ANA Group's performance.

In December 2009, ANA and its Star Alliance partners United Airlines and Continental Airlines filed an application with the U.S. Department of Transportation for antitrust immunity (ATI). The ANA Group's performance could be affected if the ATI application is not approved or the alliance strategy is not successful following ATI approval.

(14) Risks Related to Flight Operations

1. Aircraft accidents

An aircraft accident involving a flight operated by the ANA Group or a code-share partner could cause a drop in customer confidence, creating a medium-to-long-term downturn in demand that could affect the Group's performance. A major accident suffered by a competitor could similarly lead to a reduction in aviation demand that could affect the Group's performance. Although an aircraft accident would give rise to significant expenses including compensation for damages and the repair or replacement of aircraft, such direct expenses would be largely met by aviation insurance.

2. Technical circular directives

If an issue arises that significantly compromises the safety of an aircraft, the MLIT by law issues a technical circular directive. In some cases, operations of the same type of aircraft are not permitted until the aircraft's safety has been confirmed. Further, even when the law does not require the issuance of a technical circular directive, in some cases, when safety cannot be confirmed, the operation of the same type of aircraft is voluntarily suspended in accordance with in-house regulations. The occurrence of such a situation could affect the ANA Group's performance.

(15) Risks Related to Unauthorized Disclosure of Customer Information

The ANA Group holds a large amount of information relating to customers, such as that pertaining to the approximately 20.00 million members (as of March 31, 2010) of the ANA Mileage Club. The Personal Information Protection Law has increased the stringency required for the proper management of such personal information. The Group has established a privacy policy, apprised customers of the ANA's stance regarding the handling of personal information, and established full measures to ensure information security, including in its IT systems. In addition, work procedures and information systems are continuously monitored and revised when needed to eliminate any potential security gaps. Despite these precautions, the occurrence of a major leak of personal information caused by unauthorized access, an error in conducting business or some other factor could carry significant cost, in terms of both compensation and loss of public confidence, which could affect the Group's performance.

(16) Risks Related to Disasters

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

In addition, the extended closure of airports outside of Tokyo, either in Japan or overseas, due to an earthquake, a typhoon, heavy snow or volcanic eruption would lead to the suspension of flight arrivals and departures at that airport during the period of closure, which could affect the ANA Group's performance.

(17) Risks Related to Cost Structure

Fixed costs such as aircraft expenses and personnel expenses account for a significant proportion of the ANA Group's costs, which limits the ANA Group's ability to immediately change the scale of its operations in response to changes in economic conditions. Therefore, decreases in the number of passengers or volume of cargo could affect the ANA Group's income.

(18) Risks Related to IT Systems

Customer service and air transportation operations are highly dependent on information systems for such critical functions as reservations and sales, boarding procedures, operational control, and operational management. A major disruption of one of those systems or of telecommunications networks would make it difficult to maintain customer service and operations and would result in a loss of public confidence, which could affect the ANA Group's performance. Further, the ANA Group's information systems are also used by its strategic partners, so the impact of systems failure would not be limited to the ANA Group.

(19) Increase in the Cost of Raising Funds

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

(20) Risks Related to Asset Impairment

If the profitability of various operations deteriorates, or a decision is made to sell an asset, the ANA Group may be required to recognize asset impairment losses in the future.

Consolidated Balance Sheets

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
As of March 31, 2010 and 2009

	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
ASSETS	2010	2009	2010
Current assets:			
Cash on hand and in banks	¥ 13,246	¥ 59,668	$ 142,368
Marketable securities (Note 4)	180,576	84,483	1,940,842
Accounts receivable, less allowance for doubtful accounts (¥746 million in 2010 and ¥471 million in 2009)	98,786	87,403	1,061,758
Accounts receivable from and advances to non-consolidated subsidiaries and affiliates	1,285	1,764	13,811
Inventories	56,910	57,119	611,672
Deferred income taxes – current (Note 8)	24,715	73,296	265,638
Prepaid expenses and other current assets	45,998	82,940	494,389
Total current assets	421,516	446,673	4,530,481
Investments and long-term receivables:			
Investments in securities (Note 4)	38,346	40,619	412,145
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 5)	14,395	14,972	154,718
Lease and guaranty deposits	12,451	12,617	133,824
Housing loans to employees	514	559	5,524
Other long-term receivables	23,565	20,650	253,278
Total investments and long-term receivables	89,271	89,417	959,490
Property and equipment (Notes 6 and 9):			
Flight equipment	1,221,837	1,189,326	13,132,383
Ground property and equipment	465,322	450,817	5,001,311
	1,687,159	1,640,143	18,133,695
Less accumulated depreciation	(841,552)	(820,826)	(9,045,055)
	845,607	819,317	9,088,639
Leased assets	43,796	54,653	470,722
Advance payments on aircraft purchase contracts	250,212	184,065	2,689,294
Construction in progress	12,739	22,233	136,919
Net property and equipment	1,152,354	1,080,268	12,385,576
Deferred income taxes – non-current (Note 8)	124,558	81,589	1,338,757
Other assets	71,386	63,118	767,261
Total assets	¥1,859,085	¥1,761,065	$19,981,567

See accompanying notes to consolidated financial statements.

LIABILITIES AND NET ASSETS	Yen (Millions) 2010	Yen (Millions) 2009	U.S. dollars (Thousands) (Note 3) 2010
Current liabilities:			
Short-term loans, including current portion of long-term debt, and finance lease obligations (Note 6)	¥ 180,775	¥ 169,462	$ 1,942,981
Accounts and notes payable – trade	155,929	158,259	1,675,935
Accounts payable to non-consolidated subsidiaries and affiliates	984	772	10,576
Advance ticket sales	53,033	45,104	570,002
Accrued expenses	27,703	28,339	297,753
Accrued income taxes	2,670	1,349	28,697
Other current liabilities	51,519	99,835	553,729
Total current liabilities	472,613	503,120	5,079,675
Long-term liabilities:			
Long-term debt, less current portion, and finance lease obligations (Note 6)	760,916	727,774	8,178,374
Accrued employees' retirement benefits (Note 7)	119,425	116,917	1,283,587
Deferred income taxes – non-current (Note 8)	406	70	4,363
Other long-term liabilities	25,636	87,387	275,537
Total long-term liabilities	906,383	932,148	9,741,863
Commitments and contingent liabilities (Note 11)			
Net assets (Notes 8 and 10):			
Shareholders' equity	485,510	403,157	5,218,293
Common stock:			
Authorized – 3,900,000,000 shares			
Issued – 2,524,959,257 shares at March 31, 2010 and 1,949,959,257 shares at March 31, 2009	231,381	160,001	2,486,898
Capital surplus	196,635	125,720	2,113,445
Retained earnings	64,510	123,830	693,357
Less treasury common stock, at cost (18,528,413 shares at March 31, 2010 and 16,778,017 shares at March 31, 2009)	(7,016)	(6,394)	(75,408)
Valuation, translation adjustments and others	(11,958)	(81,274)	(128,525)
Net unrealized holding gain on securities	1,516	1,391	16,294
Deferred loss on hedging instruments	(13,212)	(82,597)	(142,003)
Foreign currency translation adjustments	(262)	(68)	(2,815)
Minority interests	6,537	3,914	70,260
Total net assets	480,089	325,797	5,160,027
Total liabilities and net assets	¥1,859,085	¥1,761,065	$19,981,567

Consolidated Statements of Income

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2010	2009	2008	2010
Operating revenues:				
Passenger	¥ 845,100	¥ 990,466	¥1,051,091	$ 9,083,190
Cargo	87,579	102,166	102,758	941,304
Incidental and other	295,674	299,949	333,978	3,177,923
	1,228,353	1,392,581	1,487,827	13,202,418
Operating expenses:				
Aircraft and flight operations	377,954	433,316	394,422	4,062,274
Aircraft maintenance	110,433	114,796	112,528	1,186,941
In-flight services	64,935	69,696	70,601	697,925
Flight control and ground handling	252,057	268,020	282,125	2,709,125
Reservations, sales and advertising	172,390	204,762	232,696	1,852,858
General and administrative	46,994	42,575	42,743	505,094
Depreciation and amortization	113,806	112,881	116,787	1,223,194
Other costs	144,031	138,946	151,536	1,548,054
	1,282,600	1,384,992	1,403,438	13,785,468
Operating (loss) income	(54,247)	7,589	84,389	(583,050)
Non-operating income (expenses):				
Interest and dividend income	2,672	2,868	4,610	28,718
Gain on sale of property and equipment	1,115	15,020	5,184	11,984
Interest expenses	(18,160)	(14,832)	(15,049)	(195,184)
Loss on sale or disposal of property and equipment	(14,182)	(8,213)	(8,974)	(152,429)
Impairment loss (Note 16)	(1,253)	—	(14,111)	(13,467)
Valuation loss on investments in securities	(644)	(3,893)	(3,825)	(6,921)
Valuation loss on other investments	(13)	(25)	(9)	(139)
Equity in (loss) income of affiliates	(204)	271	385	(2,192)
Gain on sale of investments in securities	18	324	876	193
Gain on return of substituted portion of welfare pension fund	1,723	—	—	18,518
Amortization of net transitional retirement benefit obligation	(6,423)	(6,534)	(6,634)	(69,034)
Special retirement benefit expenses	(4,467)	(660)	(1,217)	(48,011)
Gain on insurance adjustment	—	2,869	—	—
Expenses related to antitrust proceedings	(856)	(2,105)	—	(9,200)
Refurbishment expense for return of lease aircraft	(1,899)	(303)	(4,086)	(20,410)
Gain on sale of hotel business assets	—	—	132,992	—
Loss on disposal of the parts for retired aircraft property and equipment	—	—	(11,198)	—
Provision for loss on antitrust proceedings (Note 2 (j))	(648)	—	(16,198)	(6,964)
Other, net	1,875	3,179	(31,911)	20,152
	(41,346)	(12,034)	30,835	(444,389)
(Loss) income before income taxes and minority interests	(95,593)	(4,445)	115,224	(1,027,439)
Income taxes (Note 8):				
Current	2,796	1,334	84,886	30,051
Deferred	(40,821)	(1,277)	(34,692)	(438,746)
	(38,025)	57	50,194	(408,695)
(Loss) income before minority interests	(57,568)	(4,502)	65,030	(618,744)
Minority interests	(181)	(242)	887	(1,945)
Net (loss) income	¥ (57,387)	¥ (4,260)	¥ 64,143	$ (616,799)

	Yen			U.S. dollars (Note 3)
Net (loss) income per share (Note 2 (p))	¥ (24.67)	¥ (2.19)	¥ 32.93	$ (0.26)

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 2008, 2009 and 2010

	Yen (Millions)										
	Shareholders' equity					Valuation, translation adjustments and others					
	Common stock (Note 10)	Capital surplus (Note 10)	Retained earnings (Note 10)	Less treasury common stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Minority interests	Total net assets
Balance at March 31, 2007	¥160,001	¥125,739	¥ 79,530	¥ (725)	¥364,545	¥10,885	¥ 23,155	¥(362)	¥ 33,678	¥ 7,689	¥ 405,912
Cash dividends paid			(5,844)		(5,844)						(5,844)
Net income			64,143		64,143						64,143
Decrease resulting from purchase of treasury stock				(307)	(307)						(307)
Disposition of treasury stock		11		109	120						120
Net changes of items other than shareholders' equity during the period						(3,027)	(886)	550	(3,363)	(4,715)	(8,078)
Total changes during the period	—	11	58,299	(198)	58,112	(3,027)	(886)	550	(3,363)	(4,715)	50,034
Balance at March 31, 2008	160,001	125,750	137,829	(923)	422,657	7,858	22,269	188	30,315	2,974	455,946
Cash dividends paid			(9,739)		(9,739)						(9,739)
Net loss			(4,260)		(4,260)						(4,260)
Decrease resulting from purchase of treasury stock				(6,121)	(6,121)						(6,121)
Disposition of treasury stock		(30)		650	620						620
Net changes of items other than shareholders' equity during the period						(6,467)	(104,866)	(256)	(111,589)	940	(110,649)
Total changes during the period	—	(30)	(13,999)	(5,471)	(19,500)	(6,467)	(104,866)	(256)	(111,589)	940	(130,149)
Balance at March 31, 2009	160,001	125,720	123,830	(6,394)	403,157	1,391	(82,597)	(68)	(81,274)	3,914	325,797
Issuance of stock by public offering and allocation to third party	71,380	71,380			142,760						142,760
Cash dividends paid			(1,933)		(1,933)						(1,933)
Net loss			(57,387)		(57,387)						(57,387)
Decrease resulting from purchase of treasury stock				(2,463)	(2,463)						(2,463)
Disposition of treasury stock		(465)		1,841	1,376						1,376
Net changes of items other than shareholders' equity during the period						125	69,385	(194)	69,316	2,623	71,939
Total changes during the period	71,380	70,915	(59,320)	(622)	82,353	125	69,385	(194)	69,316	2,623	154,292
Balance at March 31, 2010	¥231,381	¥196,635	¥ 64,510	¥(7,016)	¥485,510	¥ 1,516	¥ (13,212)	¥(262)	¥ (11,958)	¥ 6,537	¥ 480,089

	U.S. dollars (Thousands) (Note 3)										
	Shareholders' equity					Valuation, translation adjustments and others					
	Common stock (Note 10)	Capital surplus (Note 10)	Retained earnings (Note 10)	Less treasury common stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedging instruments	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Minority interests	Total net assets
Balance at March 31, 2009	$1,719,701	$1,351,246	$1,330,932	$(68,723)	$4,333,157	$14,950	$(887,757)	$ (730)	$ (873,538)	$42,067	$3,501,687
Issuance of stock by public offering and allocation to third party	767,196	767,196			1,534,393						1,534,393
Cash dividends paid			(20,776)		(20,776)						(20,776)
Net loss			(616,799)		(616,799)						(616,799)
Decrease resulting from purchase of treasury stock				(26,472)	(26,472)						(26,472)
Disposition of treasury stock		(4,997)		19,787	14,789						14,789
Net changes of items other than shareholders' equity during the period						1,343	745,754	(2,085)	745,012	28,192	773,205
Total changes during the period	767,196	762,199	(637,575)	(6,685)	885,135	1,343	745,754	(2,085)	745,012	28,192	1,658,340
Balance at March 31, 2010	$2,486,898	$2,113,445	$ 693,357	$(75,408)	$5,218,293	$16,294	$(142,003)	$(2,815)	$(128,525)	$70,260	$5,160,027

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 2010, 2009 and 2008

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2010	2009	2008	2010
Cash flows from operating activities:				
(Loss) income before income taxes and minority interests	¥ (95,593)	¥ (4,445)	¥ 115,224	$(1,027,439)
Adjustments to reconcile (loss) income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization (including extraordinary depreciation)	113,806	112,881	139,118	1,223,194
Impairment loss	1,253	—	14,111	13,467
Loss on adoption of new accounting standards of leases	—	—	3,823	—
(Income) loss on disposal and sale of property and equipment	13,134	(6,696)	15,128	141,165
Increase in allowance for doubtful accounts	606	164	24	6,513
Increase in accrued employees' retirement benefits	882	4,671	1,848	9,479
Interest expenses	18,160	14,832	15,049	195,184
Interest and dividend income	(2,672)	(2,868)	(4,610)	(28,718)
Exchange loss	43	675	810	462
Gain on sale of hotel business assets	—	—	(132,992)	—
Decrease (increase) in accounts receivable	(5,699)	29,024	997	(61,253)
Decrease (increase) in other current assets	6,214	7,022	(10,976)	66,788
(Decrease) increase in accounts and notes payable – trade	1,551	(34,342)	(11,909)	16,670
Other, net	13,045	(28,171)	37,827	140,208
Cash generated from operations	64,730	92,747	183,472	695,722
Interest and dividends received	2,801	2,887	4,797	30,105
Interest paid	(18,083)	(14,591)	(15,446)	(194,357)
Income taxes received (paid)	37,386	(120,166)	(5,841)	401,827
Other, net	(3,843)	(660)	(1,217)	(41,304)
Net cash provided by (used in) operating activities	82,991	(39,783)	165,765	891,992
Cash flows from investing activities:				
Payment for purchase of marketable securities	(116,000)	—	(13,018)	(1,246,775)
Proceeds from redemption of marketable securities	71,000	—	13,018	763,112
Payment for purchase of property and equipment	(186,173)	(116,386)	(337,212)	(2,000,999)
Proceeds from sale of property and equipment	9,963	42,588	45,206	107,082
Payment for purchase of intangible assets	(23,764)	(29,323)	(20,521)	(255,417)
Proceeds from sale of investments in securities	338	72	1,551	3,632
Payment for sale of subsidiary's stock with changes in scope of consolidation	(2,374)	—	—	(25,515)
Proceeds from sale of subsidiary's stock with changes in scope of consolidation	—	741	—	—
Payment for advances	(3,289)	(1,675)	(493)	(35,350)
Proceeds from collection of advances	2,201	1,446	2,124	23,656
Proceeds from sale of hotel business assets	—	—	245,909	—
Other, net	(3,795)	(8,602)	(6,391)	(40,788)
Net cash used in investing activities	(251,893)	(111,139)	(69,827)	(2,707,362)
Cash flows from financing activities:				
Increase (decrease) in short-term loans, net	(17,475)	43,991	(920)	(187,822)
Proceeds from long-term debt	194,320	205,722	103,992	2,088,564
Repayment of long-term debt	(94,063)	(75,327)	(142,484)	(1,010,995)
Proceeds from issuance of bonds	—	19,900	29,847	—
Repayment of bonds	(30,000)	(50,000)	(45,000)	(322,441)
Repayment of finance lease obligations	(12,286)	(16,148)	(22,867)	(132,050)
Proceeds from issuance of new stock by public offering and allocation to third party	141,841	—	—	1,524,516
Payment for dividends	(1,933)	(9,739)	(5,844)	(20,776)
Other, net	(6,613)	(3,895)	(4,060)	(71,076)
Net cash provided by (used in) financing activities	173,791	114,504	(87,336)	1,867,917
Effect of exchange rate changes on cash and cash equivalents	(136)	(110)	(912)	(1,461)
Net (decrease) increase in cash and cash equivalents	4,753	(36,528)	7,690	51,085
Cash and cash equivalents at beginning of year	143,436	179,964	172,274	1,541,659
Cash and cash equivalents at end of year (Note 15)	¥ 148,189	¥ 143,436	¥ 179,964	$ 1,592,745

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

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

1 Basis of presenting consolidated financial statements

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

2 Summary of significant accounting policies

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

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries (72 subsidiaries for 2010, 76 subsidiaries for 2009 and 81 subsidiaries for 2008). All significant inter-company accounts and transactions have been eliminated in consolidation.

Investments in certain subsidiaries and significant affiliates (24 companies for 2010, 24 companies for 2009 and 23 companies for 2008) are accounted for by the equity method of accounting. The difference between the cost and the underlying net equity in the net assets at dates of acquisition of consolidated subsidiaries and companies accounted for by the equity method of accounting is amortized using the straight-line method over a period of five years.

Investments in non-consolidated subsidiaries and affiliates not accounted for by the equity method of accounting (68 companies for 2010, 48 companies for 2009 and 48 companies for 2008) are stated at cost. The equity in undistributed earnings of these companies was not significant.

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

(Change in accounting policy)

Effective April 1, 2008, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement" (Practical Issues Task Force No. 18 issued by the Accounting Standards Board of Japan on May 17, 2006).

This adoption had no impact on operating income and loss before income taxes and minority interests for the year ended March 31, 2009.

(Change in accounting policy)

Effective April 1, 2009, the Company and its consolidated subsidiaries have adopted "Accounting Standards for Construction Contracts" (Financial Accounting Standard No. 15 issued by the Accounting Standards Board of Japan on December 27, 2007) and "Implementation Guidelines for Accounting Standards for Construction Contracts" (Financial Accounting Standard Implementation Guidelines No. 18 issued by the Accounting Standards Board of Japan on December 27, 2007). Under the new accounting standards and implementation guidelines, revenues and costs of construction contracts that commenced on or after April 1, 2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The completed-contract method continues to be applied for contracts for which the percentage of completion cannot be reliably estimated.

This adoption had no impact on operating revenues, operating loss and loss before income taxes and minority interests for the year ended March 31, 2010.

(b) Foreign currency translation

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

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

(c) Marketable securities and investment securities

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

(d) Allowance for doubtful receivables

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

(e) Inventories

Inventories include aircraft spare parts, supplies and stock in trade of consolidated subsidiaries.

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

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

Property and equipment excluding leased assets are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on estimated useful lives by the following methods:

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

The Company and certain subsidiaries employ principally the following useful lives, based upon the Company's estimated durability of such aircraft:

International type equipment ....20 years
Domestic type equipment..........17 years

(Supplementary information)

Effective April 1, 2008, the Company and certain subsidiaries have changed their useful life of machinery and equipment based on an amendment to the Corporation Tax Law of Japan. The effect of the change on operating income and loss before income taxes and minority interests for the year ended March 31, 2009 was immaterial.

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

The Company records impairment charges on long-lived assets used in operations when events and circumstances indicate that the assets may be impaired. The assets of the Company and its domestic consolidated subsidiaries are grouped by individual property in the case of rental real estate, assets expected to be sold, idle assets, and by management accounting categories in the case of business assets. An impairment loss is required to be recognized when the carrying amount of the assets significantly exceeds their recoverable amount. See Note 16.

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

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

(h) Stock issuance costs

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

(i) Bond issuance costs

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

Bond issuance costs for the bonds issued up to the year ended March 31, 2006 are capitalized and amortized over a period of three years.

(j) Provision for loss on antitrust proceedings

On December 21, 2007, the European Commission antitrust authorities issued "Statement of Objections" to the Company with respect to its alleged breach of the European Union Competition Law in its air freight transport services. The Company has made provision of ¥16,198 million at an estimated amount of contingent losses that could arise from the proceedings. However, the estimated amount may change as the proceedings progress.

On October 29, 2009, the South Korea Fair Trade Commission issued "Examiner's Report" to the Company with respect to its alleged breach of the South Korea's Antitrust Law in its air freight transport services. The Company has made provision of ¥648 million ($6,964 thousand) at an estimated amount of contingent losses that could arise from the proceedings. However, the estimated amount may change as the proceedings progress.

(k) Retirement benefits

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

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

Several subsidiaries have tax-qualified pension plans which cover all or part of the lump-sum benefits.

The Company and certain consolidated subsidiaries adopt defined contribution pension plans as well as 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 straight-line method over the estimated service years of eligible employees. The net retirement benefit obligation at transition is being amortized principally over a period of 15 years by the straight-line method. Actuarial gains and losses are amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (principally 8 years through 18 years) which are shorter than the average remaining service years of employees. Prior service cost is being amortized as incurred by the straight-line method over periods (principally 8 years through 18 years) 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, 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Discount rate	2.5%	2.5%	2.5%
Expected return on plan assets	1.0%~10.3%	1.0%~5.5%	0.85%~5.5%

(Change in accounting policy)

Effective April 1, 2009, the Company and its consolidated subsidiaries have adopted "Partial Revisions to Accounting Standards for Employees' Retirement Benefits (Part 3)" (Financial Accounting Standard No. 19 issued by the Accounting Standards Board of Japan on July 31, 2008).

This adoption had no impact on operating loss and loss before income taxes and minority interests for the year ended March 31, 2010.

(l) Deferred tax accounting

Deferred income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their tax bases and operating losses and tax credits carried forward. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is charged to operations in the period that includes the enactment date. See Note 8.

(m) Leased assets and amortization

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

(n) Derivatives

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

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

(o) Appropriation of retained earnings

Under the Corporation Law of Japan (the "Law"), the appropriation of unappropriated retained earnings of the Company with respect to a financial period is made by resolution of the Company's shareholders at a general meeting to be held subsequent to the close of the financial period and the accounts for that period do not therefore reflect such appropriation. See Note 10.

(p) Net income (loss) per share

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

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

(q) Revenue recognition

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

(r) Cash equivalents

For the purpose of the statements of cash flows, cash and short-term, highly liquid investments with a maturity of three months or less are treated as cash equivalents. See Note 15.

(s) Reclassification

Certain reclassifications have been made to the 2008 and 2009 financial information in the accompanying financial statements to conform with the 2010 presentation.

(t) Frequent flyer program

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

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

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

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

Taking the conservative view and focusing on the economic substance, the accounting treatment for the acquisition and sale of the Company's shares is based on the assumption that the Company and the ESOP Trust form substantially a single entity given that the Company guarantees the ESOP Trust's liability. Therefore, the Company's shares owned by the ESOP Trust as well as the assets and liabilities and income and expenses of the ESOP Trust are included in the consolidated balance sheets, consolidated statements of operations, consolidated statements of changes in net assets and consolidated statements of cash flows of the Company. The number of the Company's shares owned by the ESOP Trust as of March 31, 2009 was 12,157,000.

3 Financial statements translation

The consolidated financial statements presented herein are expressed in yen and, solely for the convenience of the reader, have been translated into United States dollars at the rate of ¥93.04=US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2010. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such rate. United States dollars translations 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, 2010 and 2009 is summarized as follows:

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

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Gross unrealized gain:			
Cost	¥ 1	¥ 3	$ 10
Market value	1	3	10
	0	0	0
Gross unrealized loss:			
Cost	—	—	—
Market value	—	—	—
Net unrealized gain	¥ 0	¥ 0	$ 0

Other securities having market value are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Gross unrealized gain:			
Cost	¥ 12,245	¥ 6,670	$ 131,610
Market value	16,975	13,245	182,448
	4,730	6,575	50,838
Gross unrealized loss:			
Cost	185,054	99,014	1,988,972
Market value	184,239	93,781	1,980,212
	(815)	(5,233)	(8,759)
Net unrealized gain	¥ 3,915	¥ 1,342	$ 42,078

Other securities sold having market value in the years ended March 31, 2010, 2009 and 2008 are as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2010	2009	2008	2010
Proceeds	¥ 99	¥34	¥182	$1,064
Gain on sale	5	1	4	53
Loss on sale	121	1	0	1,300

Breakdown of securities for which it is extremely difficult to determine the fair value at March 31, 2010 and 2009 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Held-to-maturity bonds	¥ —	¥ —	$ —
Other securities	25,855	29,313	277,891
	¥25,855	¥29,313	$277,891

The redemption schedule of other securities and held-to-maturity debt securities as of March 31, 2010 and 2009 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Bonds:			
Within 1 year	¥ 2	¥ 2	$ 21
Over 1 year to 5 years	11	13	118
Others:			
Within 1 year	180,574	84,481	1,940,821
Over 1 year to 5 years	200	—	2,149
Total:			
Within 1 year	¥180,576	¥84,483	$1,940,842
Over 1 year to 5 years	211	13	2,267

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

Investments in and advances to non-consolidated subsidiaries and affiliates at March 31, 2010 and 2009 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Investments in capital stock	¥12,242	¥14,129	$131,577
Advances	2,153	843	23,140
	¥14,395	¥14,972	$154,718

6 Short-term loans and long-term debt

Short-term loans at March 31, 2010 and 2009 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Short-term bank loans	¥ 29,096	¥ 46,571	$ 312,725
Current portion of long-term loans	99,820	81,111	1,072,871
Current portion of bonds and notes	40,000	30,000	429,922
Current portion of finance lease obligations	11,859	11,780	127,461
	¥180,775	¥169,462	$1,942,981

The interest rates on the above short-term loans were between 0.04% and 1.48% per annum in 2010 and between 0.47% and 1.48% per annum in 2009.

Long-term debt at March 31, 2010 and 2009 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Bonds and notes:			
2.75% notes due 2009	¥ —	¥ 20,000	$ —
3.2% notes due 2017	20,000	20,000	214,961
3% notes due 2011	10,000	10,000	107,480
3% notes due 2010	—	10,000	—
1.7% notes due 2011	10,000	10,000	107,480
2.27% notes due 2014	10,000	10,000	107,480
1.44% notes due 2011	10,000	10,000	107,480
2.09% notes due 2014	10,000	10,000	107,480
1.97% notes due 2015	15,000	15,000	161,220
1.24% notes due 2011	30,000	30,000	322,441
1.84% notes due 2013	10,000	10,000	107,480
2.45% notes due 2018	10,000	10,000	107,480
	135,000	165,000	1,450,988
Loans, principally from banks:			
Secured, bearing interest from 0.81% to 2.70% in 2010 and 0.85% to 2.75% in 2009, maturing in installments through 2024	401,026	405,537	4,310,253
Unsecured, bearing interest from 1.09% to 5.59% in 2010 and 1.09% to 5.59% in 2009, maturing in installments through 2018	327,403	222,549	3,518,948
	728,429	628,086	7,829,202
Finance lease obligations			
Finance lease agreements expiring through 2024	49,166	57,579	528,439
	912,595	850,665	9,808,630
Less current portion	151,679	122,891	1,630,255
	¥760,916	¥727,774	$8,178,374

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

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

The following assets were pledged as collateral for short-term and long-term debt at March 31, 2010:

	Yen (Millions)	U.S. dollars (Thousands)
Property and equipment, at net book value:		
Flight equipment	¥621,289	$6,677,654
Ground property and equipment	42,450	456,255
	¥663,739	$7,133,910

The aggregate annual maturities of long-term debt after March 31, 2010 are as follows:

Year ending March 31,	Yen (Millions)	U.S. dollars (Thousands)
2011	¥151,679	$1,630,255
2012	130,662	1,404,363
2013	93,847	1,008,673
2014 and thereafter	536,407	5,765,337
	¥912,595	$9,808,630

7 Retirement benefit plans

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

One domestic consolidated subsidiary applied for an exemption from the payment of the benefits related to future employee services and received approval from the Minister of Health, Labour and Welfare on May 1, 2008.

One domestic consolidated subsidiary applied for an exemption from the payment of the benefits related to future and past employee services and received approval from the Minister of Health, Labour and Welfare on February 1, 2008 and April 1, 2009 and paid the minimum policy reserve to the government on March 11, 2010. As a result, gain on return of substituted portion of welfare pension fund was recognized in the amount of ¥1,723 million ($18,518 thousand) for the year ended March 31, 2010.

The following table sets out the funded and accrued status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2010 and 2009 for the Company and consolidated subsidiaries' defined benefit plans:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Retirement benefit obligation	¥(268,131)	¥(269,719)	$(2,881,889)
Plan assets at fair value	96,703	82,956	1,039,370
Unfunded retirement benefit obligation	(171,428)	(186,763)	(1,842,519)
Unrecognized net transitional retirement benefit obligation	32,125	39,187	345,281
Unrecognized actuarial loss	40,501	52,258	435,307
Unrecognized prior service cost	(20,406)	(21,396)	(219,325)
	¥(119,208)	¥(116,714)	$(1,281,255)
Prepaid pension cost	217	203	2,332
Accrued employees' retirement benefits	¥(119,425)	¥(116,917)	$(1,283,587)

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

The components of retirement benefit expenses for the years ended March 31, 2010, 2009 and 2008 are as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2010	2009	2008	2010
Service cost	¥ 10,778	¥ 10,407	¥ 10,873	$ 115,842
Interest cost	6,682	6,508	6,513	71,818
Expected return on plan assets	(3,302)	(4,022)	(4,563)	(35,490)
Amortization of net transitional retirement benefit obligation	6,423	6,534	6,634	69,034
Amortization of actuarial loss	7,147	5,411	3,968	76,816
Amortization of prior service cost	(3,997)	(3,854)	(3,845)	(42,960)
Net periodic pension and severance cost	¥ 23,731	¥ 20,984	¥ 19,580	$ 255,062

Besides the above net periodic pension and severance cost, the costs for other retirement and pension plans such as a defined contribution plan and for supplemental retirement benefit were ¥921 million ($9,898 thousand) and ¥4,467 million ($48,011 thousand), respectively, for the year ended March 31, 2010, and ¥789 million and ¥660 million for the year ended March 31, 2009, and ¥660 million and ¥1,217 million for the year ended March 31, 2008.

8 Income taxes

The Company is subject to a number of taxes on income (corporation tax, inhabitants taxes and enterprise tax) which in aggregate resulted in a normal statutory tax rate of 40.16% in 2010 and 2009.

The Company adopted the consolidated taxation system effective from the year ended March 31, 2003. For consolidated taxation system purposes, the Company 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, 2010 and 2009 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Deferred tax assets:			
Tax loss carry-forward	¥ 77,120	¥ 37,145	$ 828,890
Accrued employees' retirement benefits	47,986	46,882	515,756
Inter-company profits on inventories and property and equipment	13,342	13,159	143,400
Loss on evaluation for hedging exchange	8,870	55,453	95,335
Provision for loss on antitrust proceedings	6,765	6,505	72,710
Accrued bonuses to employees	4,674	5,065	50,236
Valuation loss on investments in securities	2,306	3,532	24,785
Other	7,037	10,401	75,634
Total gross deferred tax assets	168,100	178,142	1,806,749
Less valuation allowance	(12,463)	(13,255)	(133,953)
Total net deferred tax assets	155,637	164,887	1,672,796
Deferred tax liabilities:			
Special depreciation reserve	(4,060)	(4,038)	(43,637)
Unrealized holding gain on securities	(1,724)	(2,540)	(18,529)
Enterprise taxes receivable	—	(2,434)	—
Other	(986)	(1,060)	(10,597)
Total gross deferred tax liabilities	(6,770)	(10,072)	(72,764)
Net deferred tax assets	¥148,867	¥154,815	$1,600,032

A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the years ended March 31, 2010 and March 31, 2009 is not disclosed because of the loss before income taxes and minority interests.

The reconciliation for the year ended March 31, 2008 was as follows:

	2008
Statutory tax rate	40.16%
Reconciliation:	
Entertainment expenses not qualifying for deduction	0.85
Inhabitants tax per capita levy	0.17
Change in valuation allowance and related adjustments	2.67
Other	(0.29)
Effective income tax rate	43.56%

9 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 depreciation method for leased assets are described in "2. Summary of significant accounting policies (m) Leased assets and amortization."

As lessee

(b) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at March 31, 2010 and 2009 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Current portion of operating lease obligations	¥ 33,974	¥ 33,818	$ 365,154
Long-term operating lease obligations	143,343	161,077	1,540,659
	¥177,317	¥194,895	$1,905,814

Note: No impairment loss was allocated to leased assets.

As lessor

(c) Operating leases

The rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year at March 31, 2010 and 2009 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2010	2009	2010
Current portion of operating lease obligations	¥1,331	¥1,118	$14,305
Long-term operating lease obligations	3,636	3,977	39,079
	¥4,967	¥5,095	$53,385

Note: No impairment loss was allocated to leased assets.

10 Supplementary information for consolidated statements of changes in net assets

Supplementary information for consolidated statements of changes in net assets at March 31, 2010 consisted of the following:

(a) Type and number of outstanding shares

				Number of shares (Thousands)
Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Balance at end of year
Issued stock:				
Common stock (*1)	1,949,959	575,000	—	2,524,959
Total	1,949,959	575,000	—	2,524,959
Treasury stock:				
Common stock (*2,*3,*4)	16,778	6,642	4,892	18,528
Total	16,778	6,642	4,892	18,528

(*1) Common stock increased by 537,500 thousand shares due to the issuance of new stock through public offering and 37,500 thousand shares due to the allocation to third party.
(*2) Treasury stock increased by 198 thousand shares due to the repurchase of shares less than one unit and 6,442 thousand shares due to the purchase by the ESOP Trust and one thousand shares due to the purchase by the affiliate.
(*3) Treasury stock decreased by 129 thousand shares due to the sale of shares less than one unit and 4,763 thousand shares due to the sale by the ESOP Trust.
(*4) Treasury stock includes 13,836 thousand shares of the Company owned by the ESOP Trust as of March 31, 2010.

(b) Dividends

(1) Dividends paid to shareholders

Date of approval	Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount (Thousands of U.S. dollars)	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 22, 2009	Annual general meeting of shareholders	Common stock (*1)	¥1,933	$20,776	¥1.00	$0.01	March 31, 2009	June 23, 2009

(*1) ¥12 million ($128 thousand) paid to the ESOP Trust is not included in total dividends amount because the Company's shares owned by the ESOP Trust are recognized as treasury stock.

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

Date of approval	Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount (Thousands of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
None									

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.

11 Commitments and contingent liabilities

At March 31, 2010, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥914,286 million ($9,826,805 thousand).

The Company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥482 million ($5,180 thousand) at March 31, 2010.

At March 31, 2009, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥834,002 million.

The Company and consolidated subsidiaries were contingently liable as guarantor of bonds with debt assumption contracts and loans, principally to affiliates, amounting to ¥146 million at March 31, 2009

12 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 purpose.

(b) Types of financial instruments, related risk and risk management

Trade receivables – accounts receivable – are exposed to credit risk in relation to customers. In accordance with the internal policies of the Group for managing credit risk arising from receivables, the Group monitors credit worthiness of their main customers periodically and monitors due dates and outstanding balances by individual customer, whereby making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

Marketable securities and investments in securities are exposed to risk of market price fluctuations. Those securities are composed of mainly the shares of other companies with which the Group has business relationships. The Group periodically reviews the fair values of such financial instruments and the financial position of the issuers, whereby making efforts to identify and mitigate risks of impairment.

Substantially all trade payables – accounts and notes payable – have payment due dates within one year.

Borrowings are taken out principally for the purpose of making capital investments and certain long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk for long-term debt bearing interest at variable rates, the Group utilizes interest rate swap transactions as a hedging instrument. Interest rate swaps that qualify for hedge accounting are not measured at fair value, but the differential paid or received under the swap agreements is recognized and included in interest expenses or income.

For derivatives, in order to reduce the foreign currency exchange risk arising from the receivables and payables denominated in foreign currencies, the Group enters into forward foreign exchange contracts for specific receivables and payables denominated in foreign currencies mainly for aircraft purchase commitments and overseas travel service procurements. In addition, to reduce the interest rate fluctuation risk associated with financial assets and liabilities, the Group uses interest rate swap transactions for specific financial assets and liabilities. Furthermore, the Group enters into commodity derivative transactions such as swaps and options to mitigate the fluctuation risk of commodity price of fuel and stabilize such fuel costs. The Group believes that the credit risk of derivatives is insignificant as it enters into derivative transactions only with reputable financial institutions which have a sound credit profile.

In conducting and managing derivative transactions, the Group enters into derivative transactions in accordance with their internal policies, which set forth authorization levels and maximum upper limit on transaction volumes. In addition, meetings are held principally on a monthly basis with attendance of board members responsible for derivatives to determine methods and ratios for risk hedge as well as to report and confirm results of derivative transactions.

(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 13 *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, 2010 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, 2010

	Yen (Millions)		
	Carrying value	Estimated fair value	Difference
Assets:			
Cash on hand and in banks	¥ 13,246	¥ 13,246	¥ —
Accounts receivable (**)	96,833	96,833	—
Marketable securities and investments in securities (**)	205,309	210,196	4,887
Total assets	315,388	320,275	4,887
Liabilities:			
Trade note and account payable (**)	¥ 151,017	¥ 151,017	¥ —
Short-term bank loans	29,096	29,096	—
Bonds and notes	135,000	135,005	5
Long-term loans	728,429	735,583	7,154
Total liabilities	1,043,542	1,050,701	7,159
Derivatives (*)	¥ (22,087)	¥ (22,087)	¥ —

As of March 31, 2010

	U.S. dollars (Thousands)		
	Carrying value	Estimated fair value	Difference
Assets:			
Cash on hand and in banks	$ 142,368	$ 142,368	$ —
Accounts receivable (**)	1,040,767	1,040,767	—
Marketable securities and investments in securities (**)	2,206,674	2,259,200	52,525
Total assets	3,389,810	3,442,336	52,525
Liabilities:			
Trade note and account payable (**)	$ 1,623,140	$ 1,623,140	$ —
Short-term bank loans	312,725	312,725	—
Bonds and notes	1,450,988	1,451,042	53
Long-term loans	7,829,202	7,906,094	76,891
Total liabilities	11,216,057	11,293,003	76,945
Derivatives (*)	$ (237,392)	$ (237,392)	$ —

(*) 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 note and account 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 4. *Marketable securities and investments in securities* of the notes to the consolidated financial statements.

Liabilities

1) Trade note and account payable and 2) short-term bank loans

Since these items are settled in a short period of time, their carrying value approximates fair value.

3) Bonds and notes

The fair value of bonds issued by the Company is present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

4) Long-term loans

The fair value of long-term loans is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings.

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

As of March 31, 2010	Yen (Millions)	U.S. dollars (Thousands)
Unlisted stocks	¥25,855	$277,891

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, 2010 is summarized as follows.

As of March 31, 2010

	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	¥ 12,551	¥ —	¥ —	¥ —
Accounts receivable	96,833	—	—	—
Held-to-maturity bonds	—	1	—	—
Other marketable securities with maturities	180,576	210	—	—
Total	¥289,960	¥211	¥ —	¥ —

As of March 31, 2010

	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	$ 134,898	$ —	$ —	$ —
Accounts receivable	1,040,767	—	—	—
Held-to-maturity bonds	—	10	—	—
Other marketable securities with maturities	1,940,842	2,257	—	—
Total	$3,116,509	$2,267	$ —	$ —

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

As of March 31, 2010

	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	¥ 29,096	¥ —	¥ —	¥ —
Bonds and notes	40,000	50,000	45,000	—
Long-term loans	99,820	399,221	179,937	49,451
Total	¥168,916	¥449,221	¥224,937	¥49,451

As of March 31, 2010

	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	$ 312,725	$ —	$ —	$ —
Bonds and notes	429,922	537,403	483,662	—
Long-term loans	1,072,871	4,290,853	1,933,974	531,502
Total	$1,815,520	$4,828,256	$2,417,637	$531,502

(Supplementary information)

Effective April 1, 2009, the Company and its consolidated subsidiaries have adopted "Accounting Standards for Financial Instruments" (Financial Accounting Standard No. 10 issued by the Accounting Standards Board of Japan on March 10, 2008) and "Implementation Guidelines for Disclosure of Fair Values of Financial Instruments" (Financial Accounting Standard Implementation Guidelines No. 19 issued by the Accounting Standards Board of Japan on March 10, 2008).

13 Derivatives and hedging activities

The Company and certain of its subsidiaries operate internationally and are exposed to the risk of changes in foreign exchange rates, interest rates and commodity prices of fuel. In order to manage these risks, the Company and its subsidiaries utilize forward exchange contracts to hedge certain foreign currency transactions related to purchase commitments, principally of flight equipment, and foreign currency receivables and payables. Also, the Company and its subsidiaries utilize interest rate swaps to minimize the impact of interest rate fluctuations related to their outstanding debt. In addition, the Company also enters into a variety of swaps and options in its management of risk exposure related to the commodity prices of fuel. The Company and its subsidiaries do not use derivatives for trading purposes.

The Company has developed internal hedging guidelines to control various aspects of derivative transactions, including authorization levels and transaction volumes. The Company enters into derivative transactions in accordance with these internal guidelines. Derivative and hedging transactions initiated by respective operational departments have been examined by the accounting department and these transactions, including their measures and ratios, have been monitored by management generally on a monthly basis. Assessment of hedge effectiveness is examined at inception and, on an ongoing basis, periodically. The consolidated subsidiaries have adopted the same procedures for hedging activities as the Company.

The Company and its subsidiaries are also exposed to credit-related losses in the event of non-performance by counterparties to derivative financial instruments, but it is not expected that any counterparties will fail to meet their obligations, because most of the counterparties are internationally recognized financial institutions.

Summarized below are the notional amounts and the estimated fair value of the derivative instruments outstanding at March 31, 2010, for which hedged accounting has been applied.

(a) Currency-related transactions

As of March 31, 2010

	Yen (Millions)		
	Notional amount		Fair value
	Total	Maturing after one year	
Forward foreign exchange contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD	¥ 3,886	¥ —	¥ (114)
Buy:			
USD	445,214	286,848	(13,054)
Currency option contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD (Put)	38,862	16,936	(146)
Buy:			
USD (Call)	40,576	18,303	13
Currency swap contracts for accounts payable, accounted for by deferral method:			
Receive/USD and pay/JPY	10,118	997	58
Forward foreign exchange contracts, accounted for as part of accounts payable:			
Buy:			
USD	9,817	—	(*)
EUR	370	—	(*)
Others	15	—	(*)
Currency swap contracts, accounted for as part of accounts payable:			
Receive/USD and pay/JPY	2,917	—	(*)
Total	¥551,775	¥323,084	¥(13,243)

As of March 31, 2010

	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	$ 41,766	$ —	$ (1,225)
Buy:			
USD	4,785,189	3,083,061	(140,305)
Currency option contracts for accounts payable, accounted for by deferral method:			
Sell:			
USD (Put)	417,691	182,029	(1,569)
Buy:			
USD (Call)	436,113	196,721	139
Currency swap contracts for accounts payable, accounted for by deferral method:			
Receive/USD and pay/JPY	108,748	10,715	623
Forward foreign exchange contracts, accounted for as part of accounts payable:			
Buy:			
USD	105,513	—	(*)
EUR	3,976	—	(*)
Others	161	—	(*)
Currency swap contracts, accounted for as part of accounts payable:			
Receive/USD and pay/JPY	31,352	—	(*)
Total	$5,930,513	$3,472,527	$(142,336)

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 amounts in such derivative contracts accounted for as part of accounts payable are handled together with payable denominated in foreign currencies that are subject to hedged accounting. See Note 12.

(b) Interest-related transactions

As of March 31, 2010

	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	¥301,745	¥263,645	(*)

As of March 31, 2010

	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	$3,243,174	$2,833,673	(*)

(*) 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 short-cut method are handled together with long-term loans that are subject to hedged accounting. See Note 12.

(c) Commodity-related transactions

As of March 31, 2010

	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	¥242,328	¥108,024	¥(6,458)
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Put)	41,186	30,367	1,161
Buy:			
Crude oil (Call)	36,706	33,716	(1,843)
Crude oil (Put)	16,146	—	(1,704)
Total	¥336,366	¥172,107	¥(8,844)

As of March 31, 2010

	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	$2,604,557	$1,161,049	$(69,411)
Commodity (crude oil) option contracts, accounted for by deferral method:			
Sell:			
Crude oil (Put)	442,669	326,386	12,478
Buy:			
Crude oil (Call)	394,518	362,381	(19,808)
Crude oil (Put)	173,538	—	(18,314)
Total	$3,615,283	$1,849,817	$(95,055)

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

14 Segment information

The Company and its consolidated subsidiaries conduct operations in air transportation, travel services and other businesses. Businesses other than air transportation and travel services are insignificant to the consolidated results of operations of the Company and its consolidated subsidiaries and, accordingly, are included in "Other businesses" in the following industry segment information.

Other segment information of the Company and its subsidiaries, such as geographical breakdown of sales and assets, is not disclosed because of its insignificance.

Segment information for the years ended March 31, 2010, 2009 and 2008 is as follows:

	Yen (Millions)					
As of and for the year ended March 31, 2010	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	¥ 988,865	¥150,763	¥ 88,725	¥1,228,353	¥ —	¥1,228,353
Intra-group sales and transfers	98,992	16,213	49,045	164,250	(164,250)	—
Total	1,087,857	166,976	137,770	1,392,603	(164,250)	1,228,353
Operating expenses	1,145,454	166,994	134,718	1,447,166	(164,566)	1,282,600
Operating income (loss)	¥ (57,597)	¥ (18)	¥ 3,052	¥ (54,563)	¥ 316	¥ (54,247)
	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Identifiable assets	¥1,779,683	¥ 41,488	¥113,870	¥1,935,041	¥ (75,956)	¥1,859,085
Depreciation and amortization	111,310	295	2,201	113,806	—	113,806
Impairment loss	1,253	—	—	1,253	—	1,253
Capital expenditure	207,897	33	3,442	211,372	(1,435)	209,937

As of and for the year ended March 31, 2010	U.S. dollars (Thousands)					
	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	$10,628,385	$1,620,410	$ 953,622	$13,202,418	$ —	$13,202,418
Intra-group sales and transfers	1,063,972	174,258	527,138	1,765,369	(1,765,369)	—
Total	11,692,358	1,794,668	1,480,760	14,967,788	(1,765,369)	13,202,418
Operating expenses	12,311,414	1,794,862	1,447,957	15,554,234	(1,768,766)	13,785,468
Operating income (loss)	$ (619,056)	$ (193)	$ 32,803	$ (586,446)	$ 3,396	$ (583,050)

	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Identifiable assets	$19,128,149	$ 445,915	$1,223,882	$20,797,947	$ (816,380)	$19,981,567
Depreciation and amortization	1,196,367	3,170	23,656	1,223,194	—	1,223,194
Impairment loss	13,467	—	—	13,467	—	13,467
Capital expenditure	2,234,490	354	36,994	2,271,840	(15,423)	2,256,416

As of and for the year ended March 31, 2009	Yen (Millions)					
	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	¥1,120,945	¥171,117	¥100,519	¥1,392,581	¥ —	¥1,392,581
Intra-group sales and transfers	108,580	17,663	47,687	173,930	(173,930)	—
Total	1,229,525	188,780	148,206	1,566,511	(173,930)	1,392,581
Operating expenses	1,224,734	189,408	144,858	1,559,000	(174,008)	1,384,992
Operating income (loss)	¥ 4,791	¥ (628)	¥ 3,348	¥ 7,511	¥ 78	¥ 7,589

	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Identifiable assets	¥1,673,813	¥ 41,727	¥132,196	¥1,847,736	¥ (86,671)	¥1,761,065
Depreciation and amortization	110,064	437	2,380	112,881	—	112,881
Impairment loss	—	—	—	—	—	—
Capital expenditure	143,362	203	3,721	147,286	(1,577)	145,709

As of and for the year ended March 31, 2008	Yen (Millions)					
	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	¥1,178,884	¥195,376	¥113,567	¥1,487,827	¥ —	¥1,487,827
Intra-group sales and transfers	122,745	20,021	85,407	228,173	(228,173)	—
Total	1,301,629	215,397	198,974	1,716,000	(228,173)	1,487,827
Operating expenses	1,223,692	214,323	193,776	1,631,791	(228,353)	1,403,438
Operating income	¥ 77,937	¥ 1,074	¥ 5,198	¥ 84,209	¥ 180	¥ 84,389

	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Identifiable assets	¥1,669,618	¥ 52,023	¥122,078	¥1,843,719	¥ (60,326)	¥1,783,393
Depreciation and amortization	135,202	1,400	2,516	139,118	—	139,118
Impairment loss	14,111	—	—	14,111	—	14,111
Capital expenditure	356,408	2,206	3,377	361,991	(4,258)	357,733

15 Supplementary cash flow information

Reconciliation of the difference between cash stated in the consolidated balance sheets as of March 31, 2010, 2009 and 2008 and cash and cash equivalents for the purpose of the statements of cash flows is as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2010	2009	2008	2010
Cash on hand and in banks	¥ 13,246	¥ 59,668	¥ 51,410	$ 142,368
Time deposits with maturities of more than three months	(631)	(713)	(723)	(6,782)
Marketable securities	180,576	84,483	129,279	1,940,842
Marketable securities with maturities of more than three months	(45,002)	(2)	(2)	(483,684)
Cash and cash equivalents	¥148,189	¥143,436	¥179,964	$1,592,745

Significant non-cash transactions for the year ended March 31, 2008 are as follows:

	Yen (Millions)
	2008
Assets and liabilities related to finance lease transactions:	
Assets	¥95,113
Liabilities	¥98,936

The following are major components of assets and liabilities of the hotel business, which was sold by the Company, as well as a reconciliation of the difference between the sales price of these assets and liabilities and the proceeds from the sale of the hotel business.

	Yen (Millions)
	2008
Current assets	¥ 142,087
Fixed assets	125,305
Other assets	117
Current liabilities	(136,266)
Fixed liabilities	(6,027)
Unrealized profits	(2,934)
Gain on sale of hotel business assets	132,992
Sales price of hotel business	255,274
Cash and cash equivalents	(9,365)
Proceeds from sale of hotel business assets	¥ 245,909

16 Impairment loss

Due to slumping performance in business assets, falling prices of estate assets and assets expected to be sold and idle assets, the net book values of assets whose profitability and market prices dropped notably were written down to the recoverable amount and impairment losses of ¥1,253 million in the year ended March 31, 2010.

As of and for the year ended March 31, 2010			Yen (Millions)	U.S. dollars (Thousands)
Application	Location	Category	Impairment loss	
Business assets		Aircraft	¥ 284	$ 3,052
	1 in Hokkaido	Buildings and Others	785	8,437
		Total	¥1,069	$11,489
Assets expected to be sold	1 in Shizuoka, 1 in Gunma	Buildings	¥ 13	$ 139
		Land	15	161
		Total	¥ 28	$ 300
Idle assets	1 in Osaka	Land	¥ 156	$ 1,676
		Total	¥ 156	$ 1,676

Note: The recoverable value of the assets is calculated by the value of use, real estate appraisal, or fair value less costs to sell, minus future cash flow of 2.5% to 3.5%.

As of and for the year ended March 31, 2009			Yen (Millions)
Application	Location	Category	Impairment loss
None			

As of and for the year ended March 31, 2008			Yen (Millions)
Application	Location	Category	Impairment loss
Assets expected to be sold		Aircraft	¥14,111
		Total	¥14,111

Report of Independent Auditors

ERNST & YOUNG

Report of Independent Auditors

The Board of Directors
All Nippon Airways Co., Ltd.

We have audited the accompanying consolidated balance sheets of All Nippon Airways Co., Ltd. and consolidated subsidiaries as of March 31, 2010 and 2009, and the related consolidated statements of operations, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2010, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of All Nippon Airways Co., Ltd. and consolidated subsidiaries at March 31, 2010 and 2009, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2010 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

Ernst & Young ShinNihon LLC

June 18, 2010

The ANA Group

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
(As of March 31, 2010)

Number of Subsidiaries and Affiliates

Operating Segment	Total of Subsidiaries	of which, consolidated	of which, equity method	Total of Affiliates	of which, equity method
Air Transportation	54	40	—	10	5
Travel Services	8	8	—	1	1
Other Businesses	55	24	5	36	13
Total	117	72	5	47	19

Major Subsidiaries

Yen (Millions)

ANA and Principal Subsidiaries and Affiliates	Principal Businesses	Revenues (Note)	Paid-in Capital (Note)	Percentage Owned by the Parent
Air Transportation				
All Nippon Airways Co., Ltd. (ANA)	Air transportation	¥1,072,967	¥231,381	Parent
Air Nippon Co., Ltd. (ANK)	Air transportation (mainly domestic mid/long-distance routes using narrow-body aircraft)	28,762	100	100.0
Air Nippon Network Co., Ltd. (AKX)	Air transportation (mainly within Hokkaido and Itami arrival/departure routes using turbo-prop aircraft)	10,348	50	100.0
Air Japan Co., Ltd. (AJX)	Air transportation (mainly Asian resort routes)	9,607	50	100.0
Air Central Co., Ltd. (CRF)	Air transportation (mainly Nagoya arrival/departure routes using turbo-prop aircraft)	4,838	50	100.0
Air Next Co., Ltd. (NXA)	Air transportation (mainly Fukuoka and Nagoya arrival/departure routes using narrow-body aircraft)	3,221	50	100.0
ANA & JP Express Co., Ltd. (AJV)	Air cargo transportation	17,819	80	51.7
Overseas Courier Service Co., Ltd.	Express shipping	25,533	120	73.4
International Airport Utility Co., Ltd.	Haneda Airport aircraft taxi/towing operations	12,531	100	99.5
ANA Catering Service Co., Ltd.	Preparation of in-flight meals	13,204	100	100.0
New Tokyo Airport Service Co., Ltd.	Narita Airport aircraft taxi/towing operations	10,700	60	100.0
ANA Aircraft Maintenance Co., Ltd.	Maintenance, repair, and improvement of aircraft and equipment	5,304	100	100.0
ANA Logistic Service Co., Ltd.	Air cargo imports warehousing and import/export administration	10,135	465	95.0
Travel Services				
ANA Sales Co., Ltd.	Travel services (development, support, and sales of domestic and international travel packages)	¥ 155,705	¥ 1,000	100.0
Other Businesses				
All Nippon Airways Trading Co., Ltd.	Trading and retail (development of airport stores and other stores and direct sales through ANA in-flight magazine and other methods)	¥ 72,966	¥ 1,000	100.0
ANA Information Systems Planning Co., Ltd.	System consulting and system integration services	24,783	52	100.0
Sky Building Service Co., Ltd.	Contracting of building/facility maintenance, management, and cleaning services	10,913	80	93.6
ANA Business Create Co., Ltd.	Air ticket inspection/HR dispatch and introduction services	6,946	100	100.0

Note: Figures for revenues and paid-in capital of each company are stated before intercompany eliminations.

ANA Route System

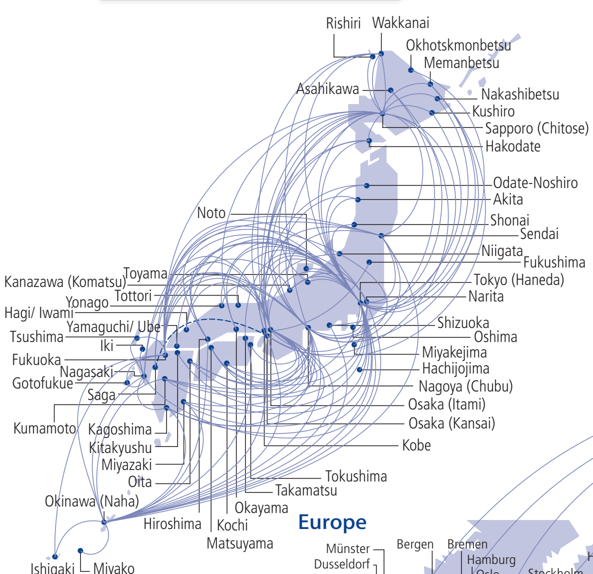
(As of July 1, 2010)

Domestic Network

Passengers
Number of routes: 126
Number of flights: 936 per day

Cargo
Number of routes: 6
Number of flights: 9 per day

● Cities served by ANA Group
Includes code-sharing with IBEX Airlines (IBX), Air Do (ADO), Skynet Asia (SNA), Starflyer (SFJ) and Oriental Air Bridge (ORC)
--- Cargo-only route

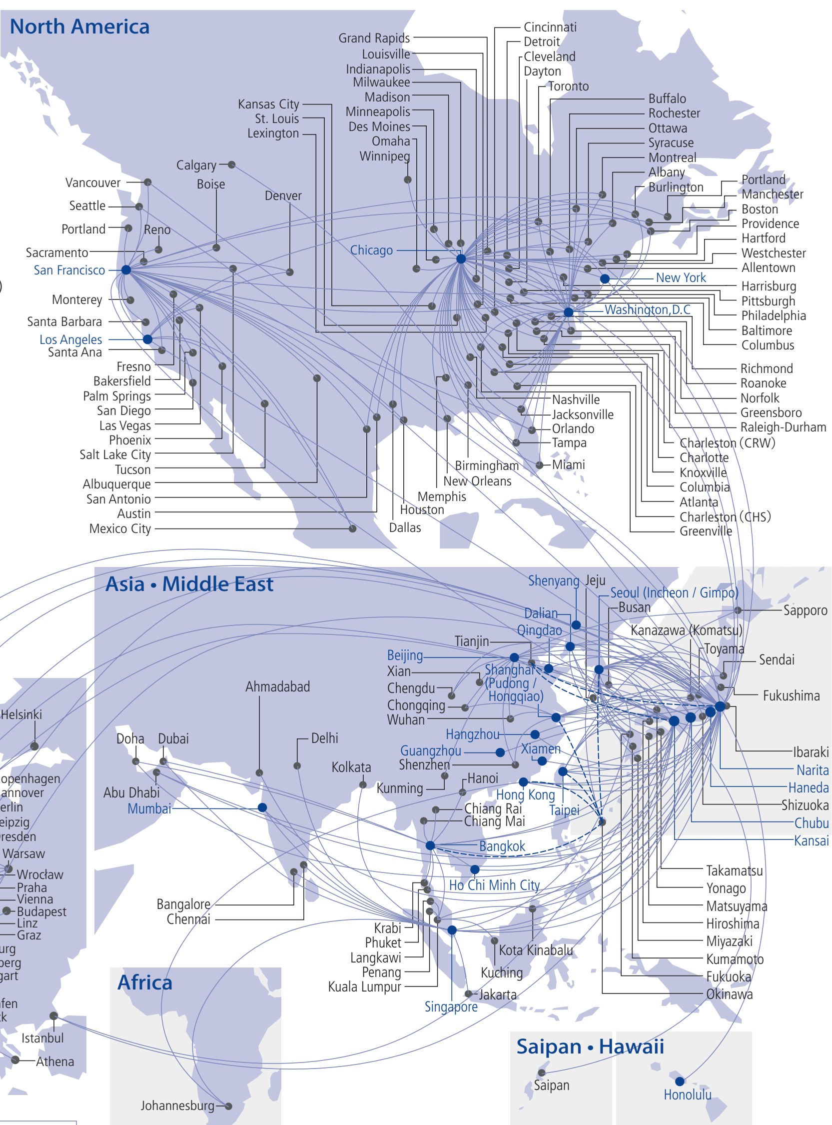


International Network

Passengers
Number of routes: 38
Number of flights: 638 per week
(ANA Group flights only, excluding charter flights to / from Haneda)

Cargo
Number of routes: 19
Number of flights: 128 per week

● Cities served by ANA Group
● Cities served by code-sharing
--- Cargo-only routes



Munich

- Bruxelles
- Nürnberg
- Hannover
- Berlin
- Dusseldorf
- Hamburg
- Stuttgart
- Zurich
- Geneva
- Praha
- Lyon
- Nice
- Budapest
- Roma
- Milan
- Firenze
- Bologna
- Napoli
- Madrid
- Barcelona
- Warsaw
- Wrocław
- Vienna

Frankfurt

- Athena
- Amsterdam
- Göteborg
- Vienna
- Venice
- Oslo
- Graz
- Copenhagen
- Stuttgart
- Geneva
- Stockholm
- Zurich
- Dusseldorf
- Torino
- Dresden
- Nice
- Nürnberg
- Hannover
- Hamburg
- Firenze
- Praha
- Friedrichshafen
- Bruxelles
- Bremen
- Bergen
- Helsinki
- Berlin
- Bologna
- Madrid
- Münster
- Munich
- Milan
- Leipzig
- Lisboa
- Linz
- Roma
- Warsaw

San Francisco

- Los Angeles
- Las Vegas
- Phoenix
- Fresno
- San Diego
- Seattle
- Portland
- Sacramento
- Santa Barbara
- Denver
- Monterey
- Albuquerque
- Austin
- San Antonio
- Santa Ana
- Salt Lake City
- Vancouver
- Houston
- Boise
- Baltimore
- Mexico City
- Reno
- Orlando
- Tucson
- New York (EWR)
- Palm Springs
- Philadelphia
- Bakersfield
- Boston

Washington, D.C.

- Orlando
- Chicago
- Charlotte
- Philadelphia
- Boston
- Columbus
- Raleigh-Durham
- Atlanta
- Albany
- Ottawa
- Cleveland
- Greenville
- Greensboro
- Columbia
- Jacksonville
- Syracuse
- Tampa
- Charleston (CHS)
- Detroit
- Toronto
- New York (EWR)
- New York (JFK)
- New York (LGA)
- Burlington
- Buffalo
- Harrisburg
- Pittsburgh
- Providence
- Montreal
- Richmond
- Roanoke
- Rochester
- Norfolk
- Miami

Chicago

- Philadelphia
- New York (LGA)
- Boston
- Indianapolis
- Charlotte
- Cincinnati
- St. Louis
- Nashville
- Pittsburgh
- Baltimore
- Minneapolis
- Washington, D.C. (DCA)
- Omaha
- Kansas City
- Grand Rapids
- Cleveland
- Greensboro
- Columbus
- Dallas
- Tampa
- Dayton
- Detroit
- Des Moines
- Toronto
- Hartford
- Madison
- Milwaukee
- Atlanta
- Allentown
- Albany
- Winnipeg
- Westchester
- Orlando
- Ottawa
- Columbia
- San Antonio
- Syracuse
- Charleston (CHS)
- New York (EWR)
- Knoxville
- Birmingham
- Buffalo
- Harrisburg
- Houston
- Providence
- Miami
- Montreal
- Richmond
- Louisville
- Lexington
- Roanoke
- Raleigh-Durham
- Rochester
- Washington (IAD)
- Austin
- Greenville
- Jacksonville
- Charleston (CRW)
- New Orleans
- Norfolk
- Burlington
- Portland
- Manchester
- Memphis

Investor Information

(As of March 31, 2010)

Trade Name
All Nippon Airways Co., Ltd.

Date of Foundation
December 27, 1952

Head Office
Shiodome City Center, 1-5-2 Higashi-Shimbashi,
Minato-ku, Tokyo 105-7133, Japan
TEL: 81-3-6735-1000
FAX: 81-3-6735-1005
URL: http://www.ana.co.jp/eng/index.html

Offices
◆ Japan
Sapporo, Tokyo, Nagoya, Osaka, Fukuoka, Okinawa, and 35 offices in other cities

◆ Overseas
- United States
  Los Angeles, New York, Washington, D.C., Chicago, San Francisco, Honolulu
- Europe
  London, Paris, Frankfurt, Dusseldorf, Hamburg, Zurich, Geneva, Brussels, Moscow, Rome, Madrid
- Asia
  Beijing, Tianjin, Shenyang, Dalian, Qingdao, Shanghai, Xiamen, Hangzhou, Guangzhou, Hong Kong, Taipei, Seoul, Bangkok, Ho Chi Minh City, Yangon, Kuala Lumpur, Singapore, Mumbai

Number of Employees
32,578 (Consolidated)

Paid-in Capital
¥231,381 million

Fiscal Year-End
March 31

Number of Shares of Common Stock
Authorized: 3,900,000,000 shares*
Issued: 2,524,959,257 shares
*Changed to 5,100,000,000 shares as of June 21, 2010.

Number of Shareholders
368,796

Stock Listings
Tokyo, Osaka and London

Ticker Code
9202

Major Shareholders

	Number of shares held (Thousands)	Percentage of total shares in issue
Japan Trustee Service Bank, Ltd. (trust account)	74,864	2.96%
Nagoya Railroad Co., Ltd.	71,982	2.85
The Master Trust Bank of Japan Ltd. (trust account)	56,437	2.24
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,397	1.60
Mitsui Sumitomo Insurance Co., Ltd.	34,770	1.38
All Nippon Airways Co., Ltd. Employee Stock Ownership Association	31,712	1.26
Nippon Life Insurance Company	30,681	1.22
NCT Trust and Banking Corporation	28,152	1.11
Sumitomo Mitsui Banking Corporation	26,820	1.06
Mizuho Corporate Bank, Ltd.	26,753	1.06
Total	422,568	16.74%

Contact:
Investor Relations E-mail: ir@ana.co.jp
CSR E-mail: csr@ana.co.jp
All Nippon Airways Co., Ltd.
Shiodome City Center, 1-5-2 Higashi-Shimbashi,
Minato-ku, Tokyo 105-7133, Japan

Administrator of Register of Shareholders
The Sumitomo Trust and Banking Co., Ltd.
(Stock Transfer Agency Department)
3-1, Yaesu 2-chome, Chuo-ku, Tokyo

Independent Auditors
Ernst & Young ShinNihon LLC

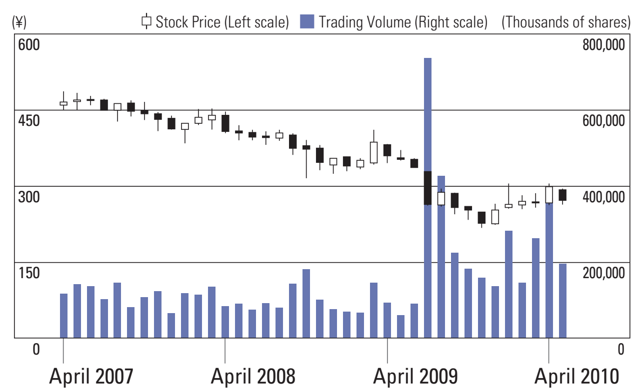
American Depositary Receipts
Ratio (ADR:ORD): 1:2
Exchange: OTC (Over-the-Counter)
Symbol: ALNPY
CUSIP: 016630303
Depositary:
The Bank of New York Mellon
101 Barclay Street, 22 West, New York, NY 10286, U.S.A.
TEL: 1-201-680-6825
U.S. Toll Free: 1-888-269-2377 (888-BNY-ADRS)
URL: http://www.adrbnymellon.com

Stock Price and Ratios (Consolidated)

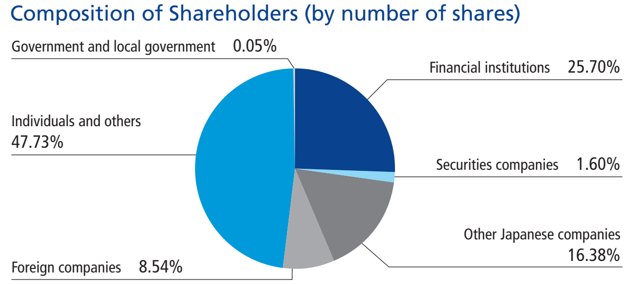
	2010	2009	2008	2007	2006
Stock Price* (¥):					
High	382	446	486	489	509
Low	218	316	385	392	321
PER (times):					
High	—	—	14.8	29.2	32.5
Low	—	—	11.7	23.4	20.5
Price / Cash Flow Ratio (times):					
High	15.8	8.0	5.2	7.9	8.9
Low	9.0	5.7	4.1	6.3	5.6
PBR (times):					
High	2.0	2.7	2.1	2.4	2.9
Low	1.2	1.9	1.7	1.9	1.8
Net Income per Share (¥)	(24.67)	(2.19)	32.93	16.77	15.64
Equity per Share (¥)	188.93	166.50	232.58	204.42	177.89
Cash Dividends per Share (¥)	—	1.00	5.00	3.00	3.00

* Tokyo Stock Exchange

Stock Price Range and Trading Volume



Composition of Shareholders (by number of shares)



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