

# Together We Can



All Nippon Airways Co., Ltd.

## Annual Report 2009

For the Year Ended March 31, 2009



A STAR ALLIANCE MEMBER 

# Profile

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 47 million passengers a year.

With an overriding emphasis on safety and customer satisfaction, the ANA Group will continue working to be Asia's Number 1 Airline Group.

## ANA Group Corporate Philosophy

### Our Commitments

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

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

### ANA Group Safety Principles

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

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

Safety is enhanced through individual performance and dedication.

### 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.



# Together We Can

## Contents

---

2 Consolidated Financial Highlights

---

4 To Our Shareholders

The ANA Group's new President and CEO, Shinichiro Ito, reaches out to shareholders and investors.

---

5 The FY 2009 Emergency Plan and Strategies for the Future

---

6 An Interview with President and CEO Shinichiro Ito  
President Ito discusses how the ANA Group is working together to succeed in a challenging environment with the aim of becoming Asia's Number 1 Airline Group.

---

12 Special Feature:

### Together We Can

#### The Interdivisional Fuel Saving Project to Reduce CO<sub>2</sub> Emissions and Fuel Use

An overview of how the ANA Group is building on ongoing efforts to reduce fuel use with an aggressive interdivisional program called the Fuel Saving Project, and its results to date.

---

---

20 Management Members and Group Organization

---

22 Corporate Governance

---

26 CSR (Corporate Social Responsibility)

---

29 The ANA Group

---

30 ANA at a Glance

---

32 Review of Operations

---

41 Financial Section

---

76 ANA Route System

---

77 Investor Information

---

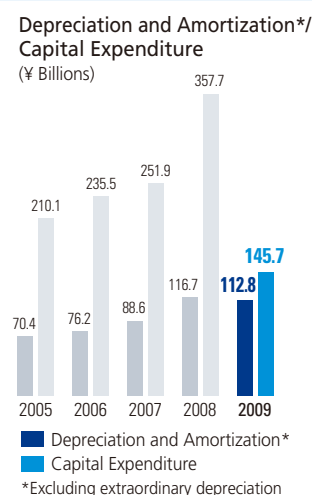
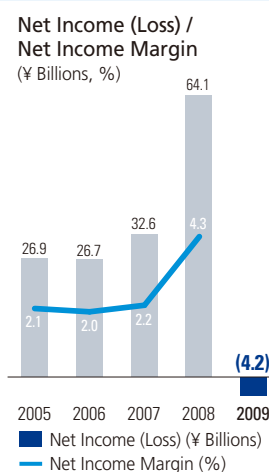
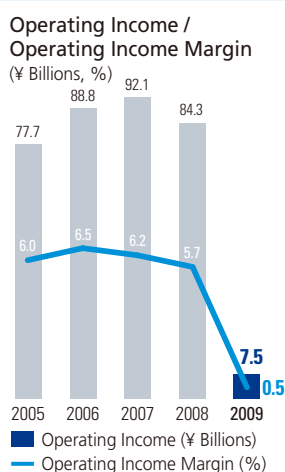
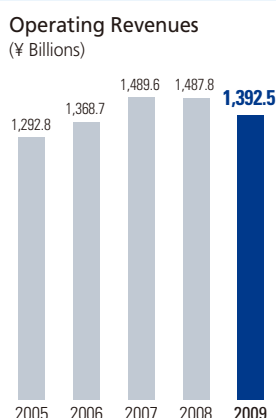
ANA Fact Book 2009 (separate)

A data reference resource

# Consolidated Financial Highlights

All Nippon Airways Co., Ltd. and its consolidated subsidiaries (Note 1)  
Years ended March 31, 2009, 2008 and 2007

- Operating revenues decreased 6.4% to ¥1,392.5 billion because of the substantial decrease in passengers as a result of the recession.
- Operating expenses decreased 1.3% to ¥1,384.9 billion as the ANA Group countered higher fuel costs due to rising crude oil prices in the first half by enhancing efforts to match capacity to demand and implementing emergency cost-reduction measures.
- Operating income decreased 91.0% to ¥7.5 billion because of the rapid, substantial decrease in demand.

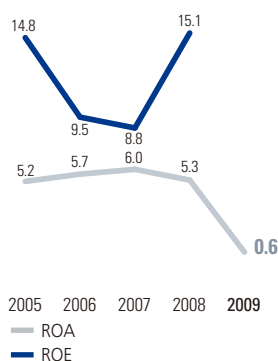


	Yen (Millions)			U.S. dollars (Note 2) (Thousands)
	2009	2008	2007	2009
<b>For the Year</b>				
Operating revenues	¥ 1,392,581	¥ 1,487,827	¥ 1,489,658	\$ 14,176,738
Operating expenses	1,384,992	1,403,438	1,397,468	14,099,480
Operating income	7,589	84,389	92,190	77,257
EBITDA (Note 3)	120,470	201,176	180,800	1,226,407
Net income (loss)	(4,260)	64,143	32,658	(43,367)
Cash flows from operating activities	(39,783)	165,765	158,714	(404,998)
Cash flows from investing activities	(111,139)	(69,827)	(128,298)	(1,131,416)
Cash flows from financing activities	114,504	(87,336)	(100,897)	1,165,672
Free cash flow	(150,922)	95,938	30,416	(1,536,414)
Depreciation and amortization (excluding extraordinary depreciation)	112,881	116,787	88,610	1,149,149
Capital expenditure	145,709	357,733	251,926	1,483,345
<b>At Year-End</b>				
Total assets	¥ 1,761,065	¥ 1,783,393	¥ 1,602,091	\$ 17,927,975
Interest-bearing debt (Note 4)	897,236	767,876	749,446	9,134,032
Total shareholders' equity (Note 5)	321,883	452,972	398,223	3,276,829
	Yen			U.S. dollars (Note 2)
<b>Per Share Data</b>				
Net income (loss)	¥ (2.19)	¥ 32.93	¥ 16.77	\$(0.022)
Net assets	166.50	232.58	204.42	1.695
Cash dividends	1.00	5.00	3.00	0.010

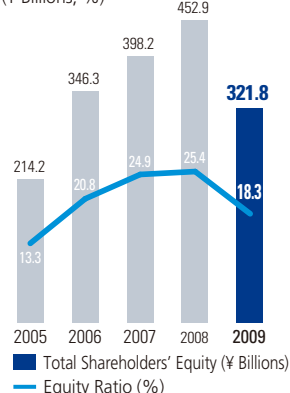
- Net loss totaled ¥4.2 billion, compared to net income of ¥64.1 billion for the previous fiscal year.
- A deferred loss on hedging instruments from the decrease in the fair value of hedging instruments due to the rapid appreciation of the yen and the sudden drop in oil prices, together with payment of a ¥5 dividend per share and the net loss for the fiscal year caused the equity ratio to decrease to 18.3% from 25.4% a year earlier.
- Cash dividends per share decreased ¥4.00 year on year to ¥1.00.

See pages 42 and 43 for an 11-year summary of financial data.

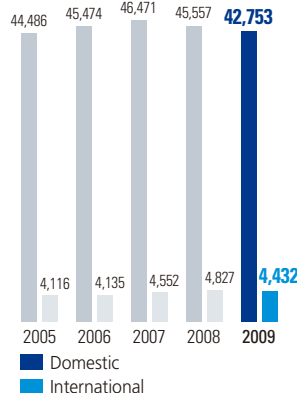
ROA / ROE (%)



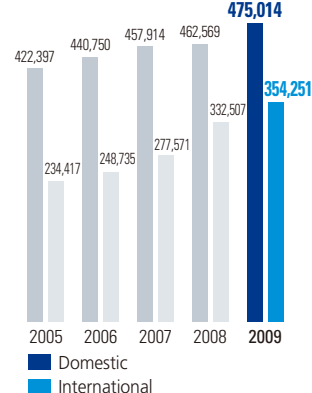
Total Shareholders' Equity / Equity Ratio (¥ Billions, %)



Number of Passengers (Thousands)



Cargo Volume (Tons)



## Management Indexes

Operating income margin (%)	0.5	5.7	6.2
ROA (%) (Note 6)	0.6	5.3	6.0
ROE (%) (Note 7)	—	15.1	8.8
Equity ratio (%)	18.3	25.4	24.9
Debt/equity ratio (times) (Note 8)	2.8	1.7	1.9

## Operating Data

### Domestic passenger services:

Available seat-km (millions)	59,222	62,651	62,414
Revenue passenger-km (millions)	37,596	39,928	40,564
Number of passengers (thousands)	42,753	45,557	46,471
Load factor (%)	63.5	63.7	65.0

### International passenger services:

Available seat-km (millions)	27,905	28,285	26,607
Revenue passenger-km (millions)	19,360	21,291	20,145
Number of passengers (thousands)	4,432	4,827	4,552
Load factor (%)	69.4	75.3	75.7

### Cargo volume:

Domestic (tons)	475,014	462,569	457,914
International (tons)	354,251	332,507	277,571

Notes: 1. As of March 31, 2009, there were 76 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 ¥98.23=US\$1, the approximate exchange rate as of March 31, 2009.

3. EBITDA = operating income + depreciation and amortization

4. Lease obligations are included for the fiscal years ended March 2008 and 2009 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 for the fiscal years ended March 2008 and 2009 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



### We want to be Asia's Number 1 Airline Group, and we will get there by changing the way we operate so that we keep growing.

First off, I am Shinichiro Ito, ANA's president and chief executive officer since April 2009. I am proud to represent the interests of my fellow shareholders and investors and am very motivated to make ANA a profitable global airline.

The fiscal year ended March 2009 was one of our toughest ever. We were whipsawed by oil prices throughout the year, and battered by empty seats during the second half. We therefore moved quickly to re-engineer capacity on routes to accommodate lower demand and put smaller aircraft into service. Cost reduction remained a clear focus, but we were only able to soften the impact of falling revenues. I share your disappointment with the net loss for the year.

With the outbreak of H1N1 influenza and other new causes of concern, I expect our operating environment to remain challenging in the fiscal year ending March 2010. We are therefore putting our FY 2009 Emergency Plan into action — aggressively reorganizing routes to match capacity to demand, working to cut costs by the largest amounts in our history and sharply reining in investment. Given these initiatives and a forecast for

better demand in the second half, we intend to generate net income for the fiscal year. We are also preparing for expansion at the two airports in the Tokyo area, which will be completed in March 2010 at Narita Airport and in October 2010 at Haneda Airport. Moreover, in the second half of the fiscal year we plan to announce our new mid-term corporate strategy that will begin in the fiscal year ending March 2011.

Our corporate vision is to be Asia's Number 1 Airline Group in terms of quality, customer satisfaction and value creation. We cannot do that without your support, and will do everything we can to earn it. I hope you share my enthusiasm for the future of this exciting, entrepreneurial airline group.

June 2009

Shinichiro Ito

President and Chief Executive Officer

A handwritten signature in black ink, reading "S. Ito".

# The FY 2009 Emergency Plan and Strategies for the Future

## Overview of the FY 2009 Emergency Plan (Announced April 2009)

### Transform our business structure by revising our network and enhancing profitability

Revise network & plans in response to demand trends

- > Match capacity to demand by revising routes
- > Reallocate resources to enhance profitability
- > Prepare for expansion of Tokyo airports in 2010

Most ambitious cost-saving initiative in the airline's history

- > Revise the business plan to reduce fuel and fuel tax expenses by reducing volume of fuel used and other measures
- > Reduce personnel expenses, including the compensation of senior managers, the base salaries and bonuses of managers, and the bonuses of employees

Restrain all investment except for safety and strategic growth

- > Reduce or postpone investment in line with revised scale of business
- > Continue to prioritize investment in fuel-efficient aircraft and innovation

Handle changes in the operating environment, weather the current crisis, and carry efforts forward into the fiscal year ending March 2011

## Strategies for the Future

### Aiming to Become Asia's Number 1 Airline Group



\* Projected total increase in flight slots upon completion of airport expansion. Allocation to each airline company is undetermined.  
(Source: Ministry of Land, Infrastructure, Transport and Tourism materials)



## An Interview with President and CEO Shinichiro Ito

The ANA Group has grown while overcoming numerous crises. Although our current operating environment is indeed challenging, the Group's management and employees are working in concert to steadily capture emerging business opportunities. Our corporate vision is to be Asia's Number 1 Airline Group. Look for the ANA Group to decisively meet challenges.



Shinichiro Ito,  
President and Chief Executive Officer

You were appointed president and CEO in April 2009 in a challenging operating environment caused by the global recession. What are your ambitions in your new position, and where will you lead the ANA Group?

I take my responsibilities at the helm of ANA's management very seriously given our extremely challenging operating environment. I see my mission as countering our difficult circumstances while positioning the ANA Group to quickly begin growing again by taking advantage of the expansion of both airports in the Tokyo area — Haneda Airport and Narita Airport — slated for completion in 2010. Our first step will be steadily dealing with urgent issues such as increasing revenues and cutting costs. Next, we will increase competitiveness and prepare for growth in the fiscal year ending March 2011 and beyond. At the same time, our situation makes further enhancing our core fundamentals of safety, quality, service and customer commitment more important than ever. I believe my ability to lead and execute will be critical.

What is your view of the fiscal year ended March 2009? How well did the ANA Group handle the rapid deterioration of its operating environment?

During the fiscal year ended March 2009, unprecedented crude oil price volatility in the first half was followed by the start of a global recession in the second half that cut passenger demand on domestic and international routes. In addition, our cargo volume, which had been increasing significantly up to autumn 2008, fell sharply in the second half because of the global slow-



down in shipping. Consequently, operating revenues decreased ¥95.2 billion year on year to ¥1,392.5 billion.

We responded to the sharp drop in demand by reducing capacity and concurrently executing emergency cost reduction measures that included cutting the compensation of senior managers. We also reviewed routes and the number of flights while introducing smaller aircraft. As a result, we were able to maintain the load factor in domestic passenger operations at the same level as in the fiscal year ended March 2008. On the other hand, the load factor in international passenger operations decreased year on year as business demand in Japan and overseas declined sharply and demand on China routes weakened, causing the number of passengers to drop more than expected.

Fuel costs increased ¥37.3 billion year on year, reflecting the impact of high crude oil prices through the first half. However, in the air transportation business we were able to reduce operating expenses by ¥18.4 billion year on year through aggressive efforts to match capacity with demand, operating cost reductions totaling ¥25.7 billion, and marketing expense reductions totaling ¥13.4 billion that entailed cutting costs such as agent fees and advertising expenses. As a result, operating income totaled ¥7.5 billion. The bottom line, however, was a net loss of ¥4.2 billion.

**Given the outlook for challenging conditions to continue, what are ANA's strategies for the fiscal year ending March 2010 in each of its air transportation businesses? How will your management reforms differ from those of the past?**

We expect the slowdown in demand to continue for the immediate future in the fiscal year ending March 2010. Despite unpredictable factors such as the outbreak of H1N1 influenza, we expect demand to recover in the third quarter. Given this outlook, our goal is to return to net profitability by steadily implementing our FY 2009 Emergency Plan, and we will increase competitiveness and prepare for growth in the fiscal year ending March 2011 and beyond.

Management reforms will differ from those of the past mainly because of the opportunities for growth that

are emerging. Air transport is a network business in which profitability is a direct function of skill in matching capacity to demand. Therefore, we are going to look closely at market trends as we deepen our programs for matching capacity to demand, because we must respond faster and more flexibly than in the past. At the same time, we will set more detailed fares according to passenger trends and competitive conditions, and aggressively expand share in periods of high demand. We expect these initiatives to drive revenue growth.

In domestic passenger operations, we will accelerate the reorganization of routes that we conducted in the fiscal year ended March 2009, and restructure our network by terminating or reducing flights on unprofitable routes. In addition, we will also shorten the time frame for coordinating aircraft introduced to meet demand and tailor capacity to demand more flexibly. Our fare strategy involves energetically creating demand by offering customers attractive products and prices, which has included expansion of the *Tabi-Wari* system of discount airfares and introduction of the *Senior Sora-Wari* system of discount airfares for seniors. Moreover, we are setting more detailed fares based on market analysis with the aim of maximizing revenues by working to raise the unit price of *Business Kippu* and other products.

In international passenger operations, we are enhancing earnings by meticulously revising routes, the number of flights and aircraft introductions in response to demand. At the same time, we are working to reignite demand by setting competitive fares. For example, we began to see signs of a recovery in leisure travel demand on Korean and other routes at the beginning of 2009 because of reduced fuel surcharges and the appreciation of the yen. I would like to steadily link trends such as these to the ANA Group's revenue.

In cargo and mail operations, we forecast a high growth rate for air cargo in Asia over the medium-to-long term and continue to build the foundation of this business. However, we plan to adjust the speed of our business development plan despite recent signs of recovery in some sectors because conditions remain uncertain. We also plan to put the Okinawa cargo hub into operation

in the second half of the fiscal year ending March 2010.

Our express business will be an integrated shipping business that handles business-to-business (B2B) distribution and package express services. Our international express business company, All Express Corporation, began operations in July 2008, and we are taking advantage of synergies in strengthening the sales system of Overseas Courier Service Co., Ltd., a company that provides overseas newspaper delivery and other services in which we took an equity stake in March 2009.

The extent and speed of economic recovery remains to be seen and forecasting demand is extremely difficult. However, we will respond quickly and flexibly, even significantly changing our business plan, if future demand turns out to be lower than our projections.

**Please provide an overview and comment on the effectiveness of the FY 2009 Emergency Plan announced in April 2009 and the related measures to achieve unprecedented cost reductions totaling ¥73.0 billion. Considering the ANA Group's past success at cutting costs and raising efficiency, how much room is left to cut costs going forward?**

The short answer is that we still have plenty left to do. The FY 2009 Emergency Plan encompasses three

core initiatives: revising our business plan, reducing costs and restraining investment. As I discussed earlier, revising our business plan entails matching capacity to demand more quickly and precisely. Moreover, our efforts to restrain investment will focus on areas other than strategic investments in safety and future growth.

I imagine that our shareholders and investors are most concerned about cost reductions. Fuel cost reductions are the largest component of our plan to cut costs on an unprecedented scale. We forecast fuel cost savings of approximately ¥48.0 billion supported by the Fuel Saving Project, a program to reduce fuel use that we initiated in the second half of the fiscal year ended March 2009 in addition to reductions in capacity. The Fuel Saving Project is a horizontal, interdivisional approach to changing the way we use fuel. We are working toward our goal of reducing fuel consumption by approximately 60,000 kiloliters and CO<sub>2</sub> emissions by approximately 150 thousand tons in the fiscal year ending March 2012 compared with the fiscal year ended March 2008. (Please refer to the Special Feature, Together We Can, on pages 12 to 19 for additional details.)

Our approach to personnel expenses has already included reductions in the compensation of senior managers, the base salaries and bonuses of managers, and the bonuses of employees. On international routes, we are promoting reduced agent fees and as well as reductions in sales planning and advertising expenses. We are putting every effort into these cost-reduction initiatives as we move toward the fiscal year ending March 2010.

Over the medium-to-long term we will revise the internal organization and functions of the ANA Group. We intend to further reduce fixed costs while promoting reforms that raise the productivity of passenger services and airport operations as we build an efficient operating system.



## ■ Air Transportation Business Cost Reduction Initiatives

Cost	Content	Savings (¥ Billions)
Fuel and fuel taxes	Reduce fuel use by revising the business plan / Fuel cost reduction program	¥48.0
Personnel expenses	Cut compensation of senior managers / Cut employee bonuses / Cut base salaries and bonuses of managers / Cut other benefits	¥6.0
Landing and navigation fees	Reduce landing and other fees by using smaller aircraft and reducing flights	¥7.0
Other expenses	Reduce agent fees on international ticket sales / Reduce costs through the Engine Replacement Program / Reduce other sales planning and advertising expenses	¥12.0
Total		¥73.0

**Expansion at both airports in the Tokyo area, Haneda and Narita, is scheduled for completion in 2010, which will allow ANA to use Narita more and begin fully using Haneda for international routes. While this change in the operating environment will certainly create opportunities for ANA, won't it also present competitive risks?**

We cannot simply depend on the maturing domestic market for continued growth. We also need to expand international passenger operations to tap into global passenger flows. A particularly important point over the medium-to-long term will be accurately capturing expected strong growth in Asia. Increased flight slots and the full-scale operation of international routes from Haneda give the ANA Group a rare opportunity to do so by expanding its business. The increase in availability of international flights through Haneda dramatically increases the convenience of traveling to the major cities of Asia during the daytime. Moreover, it also enables long-haul night-time service to Europe and elsewhere. It also lets passengers on ANA Group flights originating in cities throughout Japan make rapid connections to international flights at Haneda.

On the other hand, the increase in international flights originating at Narita will increase our competitiveness. We plan to aggressively tap into international passenger flows as a third-country carrier, such as flights between North America and Asia. We will use a similar approach to expand cargo operations. Competition is expected to

increase as more foreign carriers begin using Narita. However, the opportunities for growth outweigh the risks because the ANA Group will be able to exercise the strengths of its network in Japan.

We anticipate that 2010 will revolutionize the air transport business in Japan, and the ANA Group is steadily moving forward with preparations. We have been focusing resources on the airline business, starting with the sale of our hotel operations in June 2007. We are also building a Group framework for strengthening our domestic network, and have invested in the Boeing 787 as the launch customer for this aircraft. All these measures are part of our moves to prepare for 2010.

Currently, our international flights out of Haneda operate as scheduled charters to Seoul, Shanghai and Hong Kong. However, our ability to attract solid business demand for easy access to central Tokyo will reaffirm the importance of Haneda. Moreover, to upgrade Haneda as an international hub airport with a strong domestic network is essential to the growth of the ANA Group's international business.

**The ANA Group is controlling future capital expenditures so that they match the scale of its businesses. Please discuss the Group's investment plans and fleet strategy.**

The FY 2009 Emergency Plan entails reviewing the scale of our businesses and reducing capital expenditures compared with our initial plan by ¥119.0 billion in

the two years beginning with the year ended March 2009 and by ¥153.0 billion over the four years through the year ending March 2012. We are reducing or postponing capital expenditures for all projects except strategic investments in safety and future growth. As a result, during the year ending March 2010 we plan to invest a total of ¥230.0 billion, consisting of ¥172.0 billion for aircraft and ¥58.0 billion for areas such as information technology. We will fund capital expenditures primarily using cash on our balance sheet and external loans while working to restrain the increase in interest-bearing debt as much as possible.

Aircraft will account for a large proportion of capital expenditures. We will systematically introduce highly economical aircraft, which we view as essential to maintaining competitiveness over the medium-to-long term. We will therefore aggressively introduce fuel-efficient aircraft ahead of our competitors. The Boeing 777-300ER, 737-700/800 and 787 will be the primary fuel-efficient aircraft we introduce, and by the conclusion of the year ending March 2012 we expect them to account for approximately 50 percent of our jet aircraft. The delivery of 787s has been delayed, but we are scheduled to begin receiving them in February 2010. These highly fuel efficient, economical and environmentally friendly aircraft will be at the center of our fleet strategy.



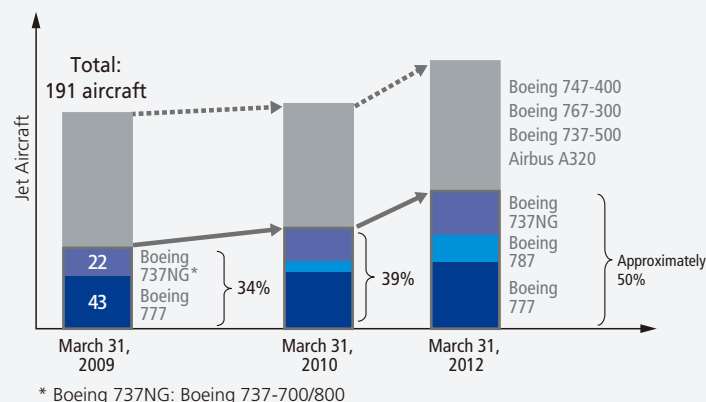
Boeing 787 aircraft with the ANA design (Photo courtesy of Boeing)

**Cash dividends per share for the fiscal year ended March 2009 decreased by ¥4.00 to ¥1.00, and the ANA Group has not yet determined dividends for the year ending March 2010. Going forward, what is the ANA Group's perspective on shareholder returns?**

ANA recognizes that shareholder returns are a management priority, and balances them with efforts to enhance internal capital reserves in order to support stable management and capital expenditures to strengthen future competitiveness.

We revised dividends for the year ended March 2009 because we decided that we needed to further enhance our internal capital resources and strengthen our financial structure to achieve steady growth in an increasingly challenging environment. Demand contracted at an unprecedented rate during the year ended March 2009 and we incurred a net loss. We therefore decreased cash dividends per share to ¥1.00 from ¥4.00 for the previous fiscal year, and have not determined dividends for the year ending March 2010. We will make that decision as the operating environment and demand trends unfold during the fiscal year. We are confident that the FY 2009 Emergency Plan I discussed earlier as well as initiatives to generate future growth will enhance corporate value, and we are determined to execute them effectively with the aim of increasing dividends.

#### Plan for Introducing Fuel-Efficient Aircraft (Scheduled)





## What concluding remarks do you have for shareholders and investors?

The ANA Group is dealing with an extremely challenging operating environment. We will overcome this crisis with the aim of being Asia's Number 1 Airline Group in terms of quality, customer satisfaction and value creation.

Our senior managers have personally visited airports and each of our facilities, and have taken the opportunity to speak directly with various employees. I feel that this approach brings all employees together in thinking about customers, and in employing various techniques to earnestly confront and resolve problems. This is why we are continuing to make progress toward being Asia's Number 1 Airline Group. It is also a core strength of the ANA Group. We have consistently overcome crises such as the terrorist attacks of 2001 and the outbreak of SARS. In the future, management and all employees will work in concert to achieve our corporate vision.



We care deeply about this company, and about our shareholders and investors. Now more than ever, we are counting on your continued support.

(Interview conducted June 22, 2009)

## Important Announcements for Shareholders and Investors

### ◆ Capital Increase through a Public Offering

At a meeting held on July 1, 2009, the Board of Directors of ANA resolved to conduct a public offering of new shares of stock in Japan and overseas and to issue new shares through a third-party allotment, and subsequently carried out this resolution. Details are as follows:

**Number of shares offered: 575,000,000**

**Issue price: ¥259 per share**

**Amount to be paid: ¥248.28 per share**

**Estimated gross proceeds after tax (maximum): ¥141,671,000,000**

**Estimated increase in paid-in capital (maximum): ¥71,380,500,000**

ANA will use the capital obtained through the public offering to proceed with strategic investments in highly economical aircraft, primarily the Boeing 787. Also, we will establish a strong financial base as we work to maintain and improve the quality of our air transportation services toward achieving our management vision of becoming Asia's Number 1 Airline Group.

### ◆ FY 2009 Emergency Income Recovery Plan (Announced July 2009)

The impact of the global recession that began during the fiscal year ended March 2009 caused demand to decrease sharply, and we have already implemented measures to reduce costs by a total of ¥73.0 billion in the fiscal year ending March 2010.<sup>1</sup> Since then, demand has shown moderately positive signs, but is

nowhere near a full-blown recovery. Moreover, the impact of H1N1 influenza from the end of April 2009 caused a substantial drop in demand, and we project that operating revenues for the first quarter of the fiscal year ending March 2010 will fall short of our revenue target by approximately ¥30.0 billion. In this operating environment, we aim to achieve our target for the fiscal year ending March 2010 by formulating and implementing our FY2009 Emergency Income Recovery Plan in addition to the cost reduction initiatives we are already executing. Details are as follows:

1. Further matching of capacity to demand by revising business plans
2. Flexible reduction of personnel and other costs based on reduced capacity levels
3. Reduction of general procurement costs
4. Introduction of Pay for Value<sup>2</sup>

Our objective in implementing these measures is to improve profitability by approximately ¥30.0 billion.

Notes: 1. Please refer to pages 8 and 9 of the interview with President and CEO Shinichiro Ito.

2. Pay for Value: Review services provided, charge for certain services, and introduce new value-added charged services

July 15, 2009

# Together We Can

## The Interdivisional Fuel Saving Project to Reduce CO<sub>2</sub> Emissions and Fuel Use

The ANA Group has been building on its longstanding proactive efforts to reduce fuel use by executing the interdivisional Fuel Saving Project (nicknamed the Eco First Project) from the fiscal year ended March 2009. Our target for the fiscal year ending March 2012 is to reduce fuel use by approximately 60 thousand kiloliters and CO<sub>2</sub> emissions by about 150 thousand tons compared to levels in the fiscal year ended March 2008. All divisions including air transportation, flight planning, maintenance and in-flight service divisions are working in concert toward achieving this target, which will support both environmental protection and profitability with the aim of making ANA Asia's Number 1 Airline Group.

The special feature section of Annual Report 2009 covers the interdivisional Fuel Saving Project and its projected benefits.







Working with stakeholders to become Asia's Number 1 Airline Group, the ANA Group is innovating to further enhance its exceptional levels of safety, satisfaction and environmental protection.



# Flight Technology

“With safety as a premise, we are using flight technologies that flight crews themselves proposed and studied as we work to reduce CO<sub>2</sub> emissions and fuel use.”

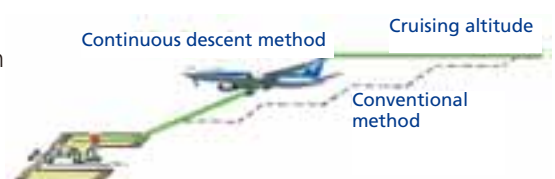
## Flight Technologies

Approximately 98 percent of the ANA Group's CO<sub>2</sub> emissions come from the consumption of jet fuel. Therefore, further innovation of flight technologies has the potential to significantly reduce the volume of fuel we use. We took the first step in October 2008 by distributing the Eco Flight Guidebook, a collection of flight innovations for flight crews that shares information and enhances awareness of fuel conservation. We have steadily implemented this initiative in advance of other companies, and flight crew awareness of fuel conservation has increase dramatically in six months.

One of the most important innovations we have promoted is changing the way our crews use reverse during landings. Always putting safety first, we keep the thrust reverser on idle when runway and other conditions permit. This cuts CO<sub>2</sub> emissions and reduces fuel consumption, while also protecting the engines and reducing ambient noise. Moreover, we have cooperated with air traffic control agencies in promoting ways to conserve fuel during aircraft descent. This entails cutting back on engine thrust during the descent to the airport from high altitudes and using a constant descent rather than a horizontal approach, and we are currently using this technique for late-night cargo flights. Moreover, measures to improve aircraft systems include the introduction of flight management system (FMS\*) 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.

\* Flight Management System (FMS): Uses flight conditions to calculate optimum speed and course as the basis for automatically adjusting engine output, navigation and other flight management operations.

### Continuous Descent Method (V-NAV APPROACH)



## Technologies for Taxiing and Parking

We are working energetically to improve the on-ground operation of aircraft. After landing, aircraft must move on the ground to the tarmac, which uses a large amount of fuel. We are therefore operating the auxiliary power unit (APU\*) effectively to turn off engines during portions of the taxiing and parking process. Our approach limits the scope of use of the APU by placing priority on the use of the ground power units (GPU) at airports. While we formerly started up the APU using the GPU 15 minutes prior to takeoff, under set conditions we now wait until 5 to 7 minutes before takeoff.

\* Auxiliary Power Unit (APU): A device that starts up the turbines of jet aircraft engines. In general, the APU is much less efficient than the GPU for driving the air conditioning unit and supplying electricity to the plane when it is on the ground.



Shared use of a GPU



“We are deploying all of our expertise and knowledge to optimize operations and our route network.”

## Flight Routing

The ANA Group officially began using Area Navigation (RNAV) in 2002. This method of air navigation allows an aircraft to choose its own course within a network of airport navigation beacons, or using satellite signals and its own navigation equipment. Compared to conventional navigation, RNAV can reduce flight distance and time. Going forward, the ANA Group will cooperate with the Civil Aviation Bureau to further expand the use of RNAV. On flights that have a larger amount of air space available, such as the Honolulu route, RNAV can also reduce fuel consumption by using a more efficient flight path than was possible under conventional navigation. In particular, domestic cargo and mail flights can fly at high altitudes where fuel efficiency is greater.

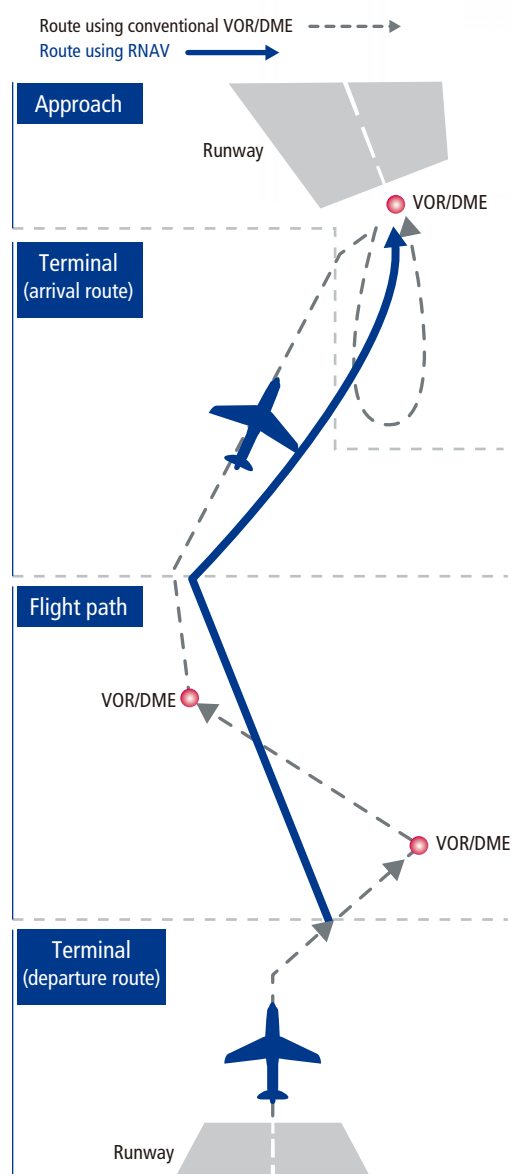
In addition to setting flight routes with RNAV, we will optimize our cost index (CI) in the second half of the fiscal year ending March 2010. The flexible and accurate use of the CI, an indicator employed in calculating aircraft fuel costs, enables reductions in fuel cost and CO<sub>2</sub> emissions by reducing fuel consumption within a range that does not affect the operations diagram.

## Aircraft Weight Management

Aircraft weight is closely related to fuel usage, so we are optimizing the amount of fuel a plane carries because it significantly impacts aircraft weight. We are in the process of forecasting reductions in fuel use from lowering aircraft weight, and are working on standards that will officially go into use in the fiscal year ending March 2010.

Moreover, the dynamics of lift allow reduced fuel usage 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, beginning with flights originating in Japan and then including flights originating overseas. We are upgrading our internal operations during the fiscal year ending March 2010 to make this system more effective.

### RNAV vs. Conventional Routing



# In-Flight Service



“We are implementing a series of detailed measures for the aircraft cabin to optimize the weight of service items.”

## In-Flight Service Survey

The ANA Group has collected opinions and conducted detailed surveys of service item use and customer opinions to enhance fundamental quality and optimize the weight of in-flight service items. We employed the results in reducing the weight and number of service items, and have also been able on certain routes to supply planes with service items one way instead of round trip as in the past.

Moreover, we moved to further optimize the weight of in-flight service items by leading study and information-sharing tours for employees from five Group in-flight service companies and seven Group ground support companies. Our consistent programs have spread awareness that weight equals CO<sub>2</sub> emissions and costs, and we have been able to cut weight by proactively incorporating the opinions of in-flight service divisions and Group companies in an on-board manual for in-flight service personnel. Going forward, we will implement specific measures linked to proposals emphasizing the cabin while further enhancing monitoring and the weight-reduction cycle.



In-flight services provided by flight attendants

## Optimizing and Lightening In-Flight Service Items

The ANA Group is executing several initiatives based on the surveys of service item use. The same model of aircraft has a different optimum weight depending on where it is heading, so we have assiduously reduced the weight of on-board water by flight. We first implemented this program in April 2008 for two overseas flights departing from Los Angeles and San Francisco, reducing on-board water carried by a total of 200 liters per day. Moreover, we have reduced the number of reserve copies of in-flight magazines including *Wingspan*, *Sky Shop* and *Sky Channel* that each flight carries, and have also reduced weight by revising the quality of paper and number of pages. For example, we reduced the weight of the in-flight entertainment magazine *Sky Channel* by nine grams per copy even though the number of channels doubled from 82 to 160 and the number of programs increased substantially. In other moves, we developed lightweight plates and utensils by revising materials at the manufacturing stage, and ported the content of the instructional booklets in seat pockets to single sheets and video, primarily on large aircraft. As a result, we have maintained service quality while carrying out a wide array of initiatives.



Lightweight flatware and glasses, and copies of *Sky Channel*

“We will build on existing measures and implement improvements in working to raise fuel economy.”



## Aircraft

The ANA Group was among the first airlines in the world to begin using tires with a new structure on the Boeing 777-300ER to reduce aircraft weight while further raising safety and fuel efficiency. This tire has a revolutionary reinforced radial construction that improves abrasion resistance so that the tire can handle more landings. It is also lighter than conventional tires, which helps reduce fuel consumption. Switching the 12 main tires of the Boeing 777-300ER from conventional tires to the new type reduced aircraft weight by 80 kilograms, which has reduced annual fuel consumption by 105 kiloliters. The first aircraft fitted with the new tires flew the Narita-Hong Kong route in October 2008, and we plan to install the new tires on all 13 of our Boeing 777-300ER aircraft in October 2009.

Furthermore, a small upturn at the end of the main wing known as a winglet reduces air resistance and is projected to increase fuel economy on long-haul routes by approximately 5 percent. We will therefore will introduce it on future B767-300ER aircraft.



Revolutionary reinforced radial tires



Winglets in action

## Engines

The ANA Group washes its engines with water with world-class frequency. During engine use, minute lumps that reduce fuel economy collect on the compressor section. The ANA Group proactively washes off these lumps with hot water at regular intervals to maintain peak engine performance using seven original engine washing vehicles at the five locations of Haneda, Narita, Nagoya, Kansai and Okinawa. Each engine washing raises fuel efficiency by 1 percent. Moreover, we calculate that washing each engine 3 to 4 times annually is appropriate, and washed each engine an average of 2.9 times in the year ended March 2009. Our cost-benefit calculation therefore indicates that we conserved about 24,000 kiloliters of fuel in the past fiscal year through our engine washing program.

In addition, after carefully analyzed new engine purchasing costs versus overhaul costs, we have been exchanging engines for our Boeing 767, Boeing 747-400 and Boeing 777 aircraft since the fiscal year ended March 2008. This reduces overhaul costs, and increases fuel economy.



Engine washing



# Cutting Jet Fuel Use and Controlling Costs

Lowering CO<sub>2</sub> Emissions While Reducing and Stabilizing Fuel Cost

A key management issue at airline companies is reducing jet fuel use and fuel costs. With the world now focusing on environmental protection, the ANA Group is fulfilling its responsibility to society by contributing to lower CO<sub>2</sub> emissions as it concentrates on the Fuel Saving Project in working to reduce fuel use.

## Launch of the Fuel Saving Project

The ANA Group has been working to conserve fuel for some time. Given the rising importance of reducing CO<sub>2</sub> emissions to protect the environment, the ANA Group underwent an International Air Transport Association Fuel Efficiency Gap Analysis in January 2008. The results indicated that the ANA Group's fuel conservation initiatives are sophisticated overall, and that the employees carrying out the program have a high level of expertise. The survey also showed, however, that the ANA Group can strengthen coordination among the divisions involved and that numerous small improvements can further reduce fuel use.

This was the situation at the launch of the interdivisional Fuel Saving Project in April 2008. This project brought together discrete programs into a Groupwide initiative featuring interdivisional cooperation with the objective of formulating strategies and generating results. Within the overall project led by the general manager of CSR Promotion, we created working groups for flights, operations and in-flight service.

The project has positioned the fiscal year ending March 2010 as a time for concentrated programs in preparation for the increase in takeoffs and landings at Haneda and Narita airports. During the first half of the fiscal year, we will formulate ideas, initiatives and our action plan, and then quickly begin executing them.

### ■ The Fuel Saving Project



## Results of the Fuel Saving Project

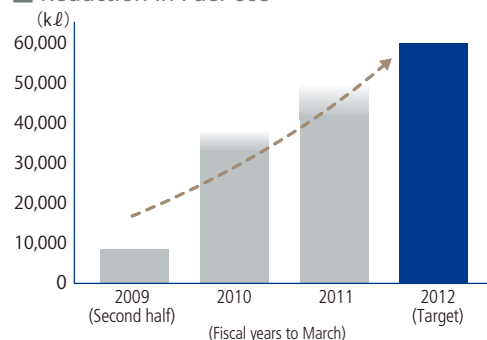
The target\* of the Fuel Saving Project is to reduce fuel use by 60,000 kiloliters below the level of the fiscal year ended March 2008 by the fiscal year ending March 2012. This will be equivalent to reducing CO<sub>2</sub> emissions by approximately 150 thousand tons.

The Fuel Saving Project actually got under way in the second half of the fiscal year ended March 2009, and we have already reduced fuel use by 8,500 kiloliters. This is equivalent to reducing CO<sub>2</sub> emissions by approximately 21 thousand tons.

We will aim to reduce fuel use by approximately 40,000 kiloliters in the fiscal year ending March 2010.

\* Target reduction in fuel use is based on the scale of operations in the fiscal year ended March 2008 and is not adjusted for changes in capacity in subsequent fiscal years.

### ■ Reduction in Fuel Use



Note: Results are only for the second half of the fiscal year ended March 2009 because it was the first year of the Fuel Saving Project.



Our results in restraining fuel costs quantify our efforts to reduce fuel use. We are also moving to reduce fuel procurement costs while stabilizing fuel prices, which are highly sensitive to changes in crude oil prices and exchange rates. Thus, price is another focus as we work to control and stabilize fuel costs.

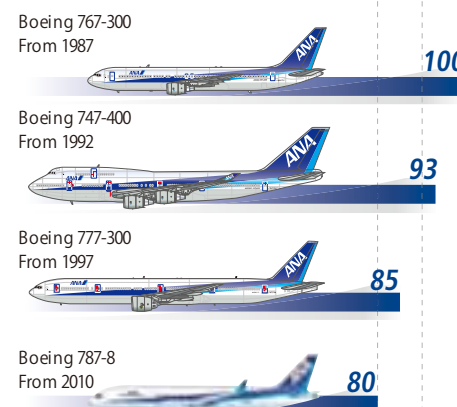
## Other Fuel Conservation Programs — Fleet Strategy

Our fleet strategy complements our fuel conservation initiatives covering flights, flight plans, maintenance and in-flight service. We are effectively reducing aircraft fuel consumption by raising fuel efficiency with state-of-the-art technologies such as highly fuel efficient engines that use the latest engine technologies, improved wings that reduce air resistance, and composite materials that reduce weight.

The Boeing 787 is representative. ANA is the launch customer for this aircraft. We have been involved from the design and development stage, and have ordered 50\* of this aircraft. The Boeing 787 uses carbon fiber composite materials to increase fuel economy by 20 percent compared to existing aircraft in its class. It also needs less repainting and incurs lower maintenance costs. Delivery has been delayed, but we plan to introduce the next generation of the Boeing 767 in February 2010.

\* In May 2009, a previous order for 5 Boeing 767-300 aircraft was changed to Boeing 787s, for a total of 55 Boeing 787s ordered.

■ CO<sub>2</sub> Emissions by Seat on the Tokyo-Sapporo Route  
(Boeing 767-300 = 100.  
Data for fiscal year ended March 2008.)



Boeing 787

## Controlling and Stabilizing Fuel Costs

This feature has presented the various initiatives that the ANA Group is executing to reduce fuel use, which will also contribute significantly to protecting the environment by reducing CO<sub>2</sub> emissions. At the same time, controlling fuel costs is a top priority for an airline company. The Fuel Saving Project has the target for the fiscal year ending March 2012 of reducing annual fuel use by about 60 thousand kiloliters compared with the fiscal year ended March 2008. We expect that achieving this target will reduce annual fuel costs by about ¥2.3 billion, which we have calculated using fuel market price projections for the fiscal year ending March 2010. Moreover, we project that the introduction of fuel-efficient aircraft such as the Boeing 787 will further reduce the amount of fuel we use.

We are also moving to control and stabilize our fuel costs. These efforts include negotiating procurement prices with jet fuel suppliers, reducing overhead associated with fueling facilities at airports in Japan and overseas, and cooperating with Star Alliance members in joint purchasing and other areas. Moreover, we are hedging fuel prices using futures to limit short-term fuel price volatility resulting from conditions in the crude oil and currency markets. More information on our approach to fuel price and exchange rate hedging is available on page 53.

Concentrating on the Fuel Saving Project to reduce fuel use will not only help us protect the environment by reducing CO<sub>2</sub> emissions. It will also support stable performance by driving initiatives to control fuel costs.

# Management Members and Group Organization

(As of June 22, 2009)



Back row, from left: K. Tonomoto, S. Takemura, M. Kimura, K. Nakamura, H. Hora, T. Hidema, K. Okada, O. Shinobe, S. Inoue, S. Mori, Y. Maruyama and S. Katanozaka  
Front row, from left: S. Nagase, Y. Ohashi, S. Ito, M. Yamamoto 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  
**2007:** Chairman of the Board

### Mineo Yamamoto

*Vice Chairman*

**1999:** Director and General Manager, Office of the President  
**2005:** President & Chief Executive Officer

### 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,  
General Administration, Public Relations, CSR Promotion,  
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*

**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,  
Engineering & Maintenance*

**2004:** Senior Vice President  
**2007:** Executive Vice President

### Katsumi Nakamura

*Executive Vice President,  
Operations & Airport Services,  
Chairman of Operations Committee*

**2005:** Senior Vice President  
**2007:** Executive Vice President

### Shinichi Inoue

*Executive Vice President,  
Flight Operations*

**2005:** Senior Vice President  
**2008:** Executive Vice President

### Shigeyuki Takemura

*Executive Vice President,  
Corporate Planning, Corporate Affairs-Asia,  
Government & Industrial Affairs,  
B787 Launch Project*

**2005:** Senior Vice President  
**2008:** Executive Vice President

### Yoshinori Maruyama

*Executive Vice President,  
Executive Office, 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

### Misao Kimura

*External Director,  
Chairman 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

**Hiroyuki Ito**  
Corporate Auditor

**Minoru Aimono**  
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

**Katsuyori Kikuchi**  
Senior Vice President,  
General Manager,  
Tokyo Sales Office

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

**Akihiko Nakamura**  
Senior Vice President,  
General Manager,  
Fukuoka Sales Office

**Yasuo Goto**  
Senior Vice President,  
CSR Promotion

**Eiji Kanazawa**  
Senior Vice President,  
Finance & Accounting

**Ken Nishimura**  
Senior Vice President,  
General Manager,  
Osaka Sales Office

**Katsumi Kobayashi**  
Senior Vice President,  
General Manager, Narita Airport

**Akira Okada**  
Senior Vice President,  
Corporate Planning

**Shunichi Kobayashi**  
Senior Vice President,  
General Manager,  
Flight Operations

**Nobuyuki Sato**  
Senior Vice President,  
General Manager, China

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

**Hideo Yaguchi**  
Senior Vice President,  
General Manager, Tokyo Airport

**Akihiko Hasegawa**  
Senior Vice President,  
Engineering & Maintenance

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

**Hideyuki Shibuichi**  
Senior Vice President,  
Flight Operations,  
B787 Preparatory Office General  
Manager

**Masato Ogawa**  
Senior Vice President,  
Marketing & Sales

**Takanori Yukishige**  
Senior Vice President,  
Information Technology Services

**Satoru Fujiki**  
Senior Vice President,  
General Manager, Osaka Airport

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

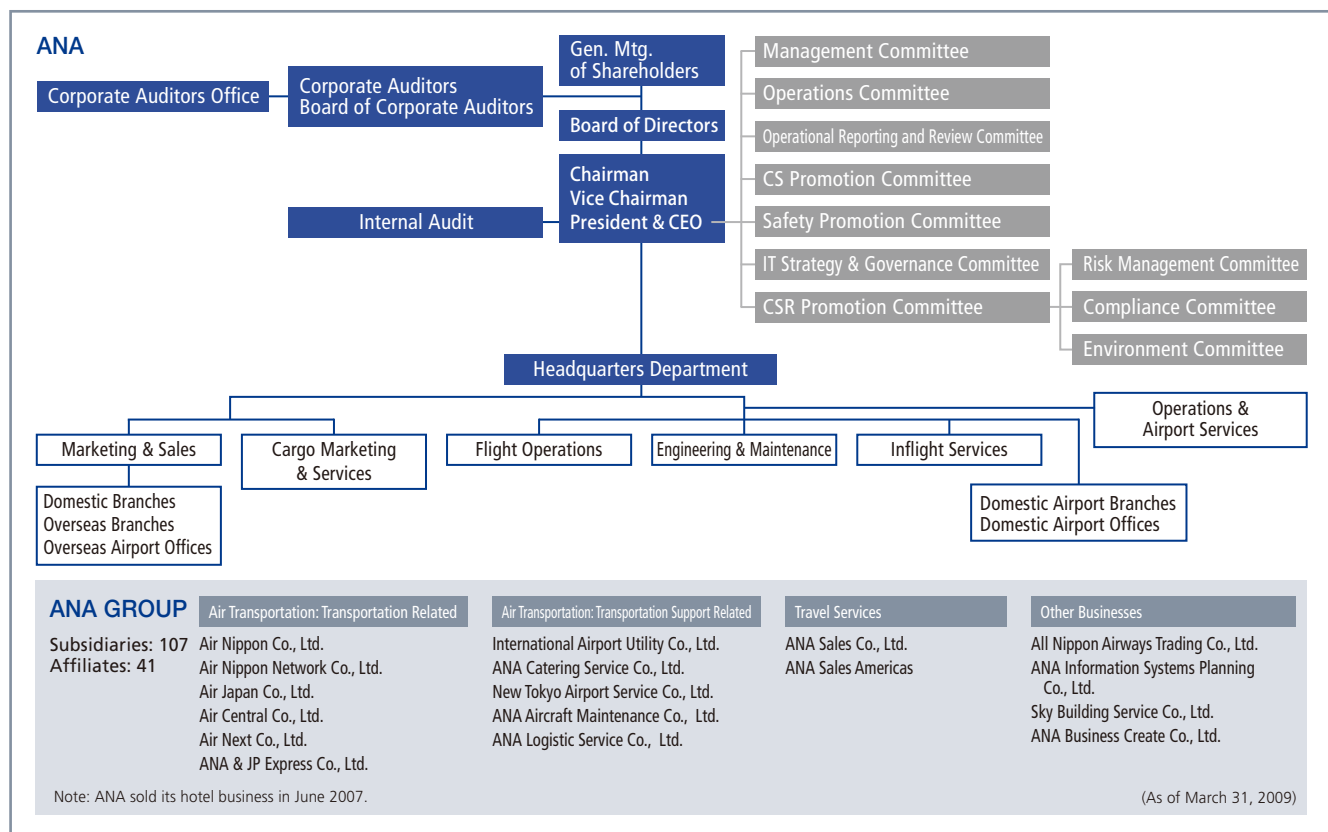
**Miyoshi Ozawa**  
Senior Vice President,  
Operations & Airport Services

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

**Hiroko Kawamoto**  
Senior Vice President,  
Inflight Services

**Toyoyuki Nagamine**  
Senior Vice President,  
Director, Employee Relations

## ANA Group Organization



# 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 35 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 auditors attend meetings of the Board of Directors, which are led by the chairman. The Board of Directors met 12 times in the fiscal year ended March 2009, including extraordinary meetings.

For important administrative issues, the Management Committee, which meets four times a month and 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 manage-

ment activities. In addition, the executive vice president of Operations & Airport Services chairs the Operations Committee, which meets once a month to handle 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 includes board members and corporate auditors. The Risk Management Committee, Compliance Committee and Environment Committee are subordinate organizations under the CSR Promotion Committee.

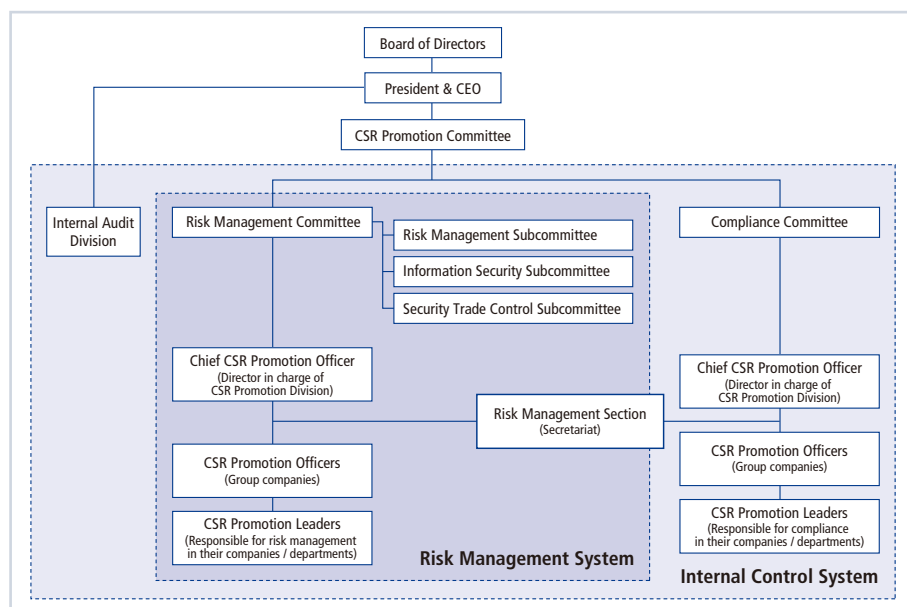
Moreover, in order to hear frank and open opinions and advice about the ANA Group's management, ANA established the Advisory Board, which consists of 7 members with a range of backgrounds. The board met 4 times during the fiscal year ended March 2009.

## 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, 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 May 2006 ANA set the basic policy on construction of a system to maintain appropriate operations (internal controls) at the meeting of the Board of Directors, based on the Corporation Law of Japan, which was enacted that month.

In the first fiscal year of application of the requirement to establish a

### Internal Control System and Risk Management System





system for internal control of financial reporting that was introduced by the Financial Instruments and Exchange Law of Japan, ANA established a basic policy and a system to ensure accurate financial reporting, as well as the ANA Group Internal Control Regulations for Financial Reporting. ANA upgrades, implements and evaluates internal controls based on these measures.

### ● Risk Management

The ANA Group Total Risk Management Regulations set out the basic terms of the Group's risk management. Under these regulations, the Risk Management Section, which is the Risk Management Committee's secretariat, and CSR Promotion Leaders assigned to ANA's departments 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 their departments by executing risk countermeasures according to plans. 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.

For the crisis control approach, which takes precautions 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 assigned at each ANA Group workplace and company conduct evaluations of the level of compliance awareness and promote and strengthen compliance throughout the ANA Group.

Internal reporting contact points have been established inside the Company and outside the Company at a law firm. In accordance with the provisions of the Whistleblower Protection Act of April 2006, ANA established regulations concerning the handling of internal reporting and disseminated them throughout the ANA Group and to its business partners.

### Internal Audits, Audits by Corporate Auditors, and Account Audits

The Internal Audit Division (16 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 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 9 certified public accountants and 14 other staff members assisting with audit services.

## External Directors and Corporate Auditors

### ● External Directors

As part of the strengthening of corporate governance at ANA, the Company has appointed external directors in order to further bolster the supervisory function for administrative issues by incorporating viewpoints from outside management. ANA has 2 external directors: Mr. Misao Kimura and Mr. Shosuke Mori. Both use their broad insights as managers to provide appropriate advice to the Company and were selected because the Company judged that they would further strengthen its management structure.

Mr. Kimura and Mr. Mori attend meetings of the Board of Directors, and also provide advice and exchange opinions with representative directors as needed outside of meetings of the Board of Directors.

Nagoya Railroad Co., Ltd., where Mr. Kimura serves as chairman, is the second-largest largest shareholder of ANA, holding 4.13% of total voting rights. In addition, ANA and Nagoya Railroad Co., Ltd., have dealings concerning the consignment of flight ticket sales business. There is no particular business relationship between ANA and The Kansai Electric Power Co., Inc., where Mr. Mori serves as president and director.

### ● 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. Mr. Matsuo attends meetings of the Board of Directors and the Board of Auditors, and Mr. Kondo is scheduled to attend meetings of the Board of Directors and the Board of Auditors following his assumption of office in June 2009.

There are no particular business relationships between ANA and Mr. Kajita, Mr. Matsuo, or Mr. Kondo or between ANA and Kyushu Electric Power Co., Inc., where Mr. Matsuo serves as chairman and representative director, or Hokkaido Electric Power Co., Inc., where Mr. Kondo serves as chairman of the board of directors.

## Efforts to Improve Corporate Governance in the Fiscal Year Ended March 2009

In the fiscal year ended March 2009, 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

In order to enhance the Group risk management function, ANA began risk management activities covering Group companies. Based on events of the fiscal year ended March 2009, including malfunction of the domestic passenger check-in system and infringement of the Act Against Unjustifiable Premiums and Misleading Representations regarding advertising for services and material describing mail-order products, in the second half of the fiscal year the Group implemented inspections of urgent business process and compliance issues.

Moreover, ANA updated regulations concerning individual events in order to increase the responsiveness of its crisis control. In the fiscal year ended March 2009, ANA established the Crisis Management Manual (CMM), which sets out responses to general crises other than aviation accidents and hijacking, and the H1N1 Influenza Manual, which sets out responses to an outbreak of H1N1 influenza. ANA also reformed and implemented regulations for information security.

### ● Compliance Function

ANA implemented the following specific initiatives in order to raise awareness of compliance.

- An employee survey of compliance awareness
- Compliance education, including education by employment class, covering topics such as information security in sales departments and the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade

### ● 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 2009, 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 10 locations, focused on headquarters, the Engineering & Maintenance Department and overseas workplaces. Moreover, as it was the first year of application of the "Reporting System for Internal Control of Financial Reporting" under the Financial Instruments and Exchange Law of Japan, the Audit Division evaluated the effectiveness of Company-level control, control of business processes and financial reporting processes, and general control of information technology.

### ● Meetings of Bodies Responsible for Corporate Governance

In the fiscal year ended March 2009, bodies responsible for corporate governance met the following number of times.

Board of Directors	12 times
Board of Corporate Auditors	8 times
Advisory Board	4 times
Management Committee	54 times
Operations Committee	12 times
CSR Promotion Committee	3 times
Risk Management Committee	4 times
Compliance Committee	2 times

## Remuneration of Directors and Corporate Auditors and Audit Fees in the Fiscal Year Ended March 2009

### ● Remuneration of Directors and Corporate Auditors

	Number Serving	2009 Remuneration Paid	2008 Remuneration Paid
Directors	17	¥474 million	¥441 million
(External Directors)	(2)	(¥11 million)	(¥12 million)
Auditors	6	¥88 million	¥82 million
(External Auditors)	(3)	(¥38 million)	(¥39 million)
Total	23	¥563 million	¥524 million

### ● Breakdown of Audit Fees

1) Breakdown of fees paid to certified public accountants and other parties

Fees for certification of audit .....	¥153 million
Fees for non-audit services.....	¥10 million

2) Breakdown of non-audit services by the companies that the certified public accountants and other parties report to

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 for institutional investors 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>)

# CSR (Corporate Social Responsibility)

## Basic Perspective

The ANA Group has a diverse range of stakeholders — customers, shareholders and investors, employees, business partners, and local communities. The foundation of our CSR activities is to fulfill our responsibility to stakeholders through constant communication with them, allowing us to co-exist with society in a sustainable manner while enhancing corporate value.

CSR means that each ANA Group member understands and follows the ANA Group Corporate Philosophy, thereby giving all stakeholders a sense of security and trust. In addition to our underlying commitment to safety, we will fulfill our responsibilities to stakeholders through 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 enhance CS (Customer Satisfaction) and ES (Employee Satisfaction).
3. We will work to solve social and environmental issues.

\* Economic responsibility entails implementing thorough risk management and operating the business effectively and efficiently, while reinforcing the internal control system in conjunction with compliance responsibility.

## System for Promoting CSR

Together with enhancing communication with stakeholders, the foundation for CSR at the ANA Group is contributing to society through its core businesses. We do not undertake special CSR activities. Rather, we will work to conduct the activities we have carried out to date more conscientiously. Doing so allows us to co-exist with society in a sustainable manner while enhancing corporate value and fulfilling our responsibility to stakeholders.

The ANA Group has positioned the CSR Promotion Committee, which is supervised by the president, as the supreme decision-making body for CSR promotion. In April 2007, we newly established the CSR Promotion Division to coordinate CSR activities, and departments within this division work aggressively to handle the internal control system, environmental protection and social contribution.

The ANA Group publishes a CSR Report and makes it available on its website.

(<http://www.ana.co.jp/eng/aboutana/corporate/csr/index.html>)

## External Evaluations

ANA continues to be included in the FTSE4Good Index, an internationally recognized index of corporate social responsibility investment. 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 and bribery. Further, the Company has received Best in Class status from Storebrand and is included in major indexes such as the Morningstar Socially Responsible Investment Index (MS-SRI) and Dow Jones Sustainability Asia Pacific Index.



## Safety Management

### ● Approach to Safety

The ANA Group has formulated the ANA Group Safety Principles, stipulating that safety is our promise to the public and is the foundation of our business. It goes on to clearly assert the Group's obligations with regard to air transport.

Squarely in the tradition of the Group's safety culture, the principles plainly set forth the roles and responsibilities of the three both universal and basic entities for maintaining and improving safety: companies, organizations and individuals.

### ANA Group Safety Principles

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

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

Safety is enhanced through individual performance and dedication.

### ● Safety Management System

When revisions to the Civil Aviation Law and other transport-related business laws took effect in October 2006, it became mandatory for operators of land-, water- and air-based transportation to establish new approaches to safety.

Accordingly, the ANA Group created the Safety Management Regulations, its new top regulation on safety, and a powerful

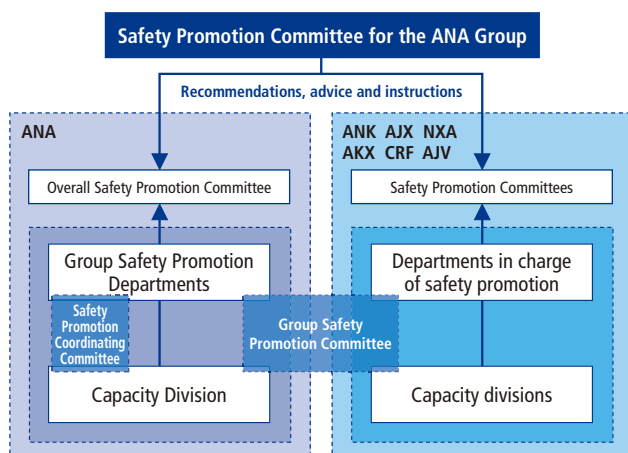


new post, that of Chief Safety Officer, to manage the Safety Management System (SMS).<sup>\*</sup> The Chairs of the Safety Promotion Committees of each airline in the Group have been appointed to the position.

We also established a Group Safety Promotion Committee as our highest decision-making body related to safety. The committee's main tasks are to communicate important safety-related cases within the ANA Group, to stipulate safety-related policies and promote awareness, and, where needed, to advise Group companies on safety issues.

Moreover, the ANA Group introduced the Safety Evaluation and Review (SAFER) program for internal safety auditing in the fiscal year ended March 2002, and since the fiscal year ended March 2009 has been implementing initiatives such as a system of qualifications for auditors and using the same training and practices throughout the airlines in the ANA Group with the aim of further raising the audit quality.

Under these systems, in 2004 ANA was the first airline in Japan to obtain certification for the IATA Operational Safety Audit (IOSA), an internationally recognized safety audit system. In addition, ANA Group companies Air Nippon Co., Ltd, Air Nippon Network Co., Ltd., Air Japan Co., Ltd. and Air Next Co., Ltd. have also obtained certification. IOSA certification is required for membership in the International Air Transport Association (IATA), and it is evidence of the ability to meet international safety standards.



<sup>\*</sup> Safety Management System (SMS): A documented process for managing risks that integrates operations and technical systems with the management of financial and human resources to ensure aviation safety or the safety of the public.

## Environmental Protection

### ● First Airline Recognized as an Eco-First Company by Ministry of the Environment

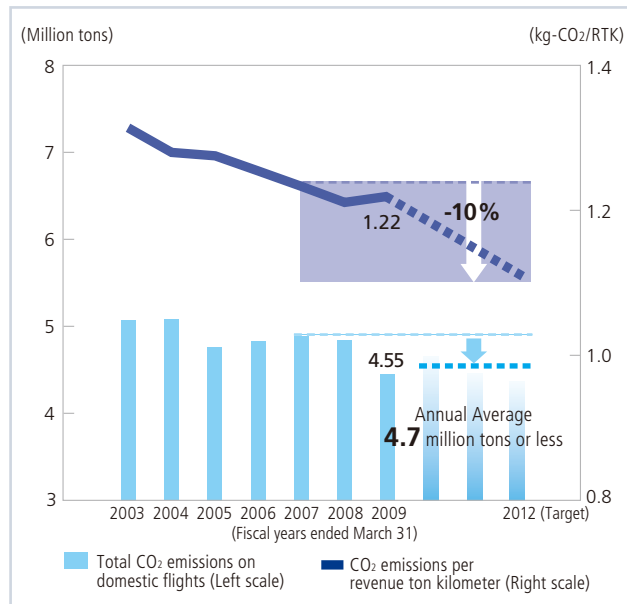
Based on the Eco-First Program established by the Ministry of the Environment, the ANA Group made an Eco-First Commitment to the Minister and was recognized as an Eco-First Company. Highly acclaimed for its corporate stance of emphasizing environmental initiatives and social contributions, the ANA Group became the first company in the airline and transportation industries to receive the Eco-First Company designation.



### ● Global Warming Countermeasures

The ANA Group has long been working on various environmental measures in order to live as part of a sustainable global environment. In May 2008, ANA announced the ANA Group Ecology Plan 2008-2011 with the intention of continuing to lead the airline industry in environmental matters. This plan sets out not only future measures but also more in-depth targets, including the airline industry's first CO<sub>2</sub> emission targets for domestic routes. The plan targets an average annual reduction of approximately 200,000 tons compared with the fiscal year ended March 2007. It also sets out the target of a 10% reduction in CO<sub>2</sub> emissions per unit shipped for the fiscal year ending March 2012 compared with the fiscal year ended March 2007.

ANA will continue working on environmental initiatives including introducing new materials, revising networks and effectively allocating equipment. Moreover, in the fiscal year ended March 2009 ANA started the interdivisional Fuel Saving Project to further advance and accelerate global warming countermeasures. Improvements are progressing as a result of all Group employees' determination and teamwork.

■ ANA Group CO<sub>2</sub> Emission Targets and Results

The above graph shows the targets of the ANA Group Ecology Plan 2008-2011 for total CO<sub>2</sub> emissions on domestic routes and CO<sub>2</sub> emissions per revenue ton kilometer (RTK) for domestic and overseas routes combined. In the fiscal year ended March 2009, CO<sub>2</sub> emissions per RTK were 1.22kg due to a decrease in load factor resulting from the global economic recession. While this was an increase from the previous fiscal year, ANA held it to a minimum through efforts to conserve energy. Moreover, total CO<sub>2</sub> emission volumes on domestic routes were 4.55 million tons, and total volumes including overseas routes were 8.06 million tons, both lower than in the previous fiscal year due to route revisions and adjustments to machinery investment, in addition to efforts to conserve energy.

Regarding the carbon trading system, a topic that is attracting growing interest from society, in December 2008 ANA announced that it would participate in the Japanese government's Emissions Trading Scheme. As a representative of the airline industry, ANA will propose CO<sub>2</sub> reduction measures for Japan in the post-Kyoto Protocol era in order to actively contribute to constructing the trading system, including verifying the trading's effectiveness. As a task for the air transportation industry as a whole, ANA is cooperating with relevant international institutions, government agencies and aircraft manufacturers to promote surveys and research into biofuels.

Moreover, during the fiscal year ended March 2009, the ANA Group conducted its fourth year of "e-flight" activities in

order to provide customers with a high-quality air transport service that considers the environment.

## Environmental Contributions

### ● Nationwide Forestation Activities Near Airports

The Aozora ("Blue Sky") Forestation Project, begun in 2004, is a 10-year plan that aims to promote forestation and forest management activities in areas surrounding the 50 domestic airports serviced by the ANA Group. The ANA Group has also conducted reforestation activities in 32 regions including Thailand, China and areas in Japan. In November 2008, ANA began its first joint CSR activity with Star Alliance member Asiana Airlines, Inc., planting black pine trees in Yumigahama near Yonago Airport in Tottori Prefecture in western Japan.



### ● 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. Held for the sixth time in 2008, it



received approximately 475 submissions from eleven countries. The grand prize went to 10-year-old Jessica Hibler of Honolulu for "What Colour is This?"

### ● Coral Restoration Project Team Tyura Sango

This project group formed in 2004 and has been active over the past six years in restoring and protecting the critical coral community near Onnason, Okinawa Prefecture together with businesses from Okinawa and across Japan. Over four sessions divided between spring and fall 2008, volunteer non-professional divers hand-planted a total of 232 pieces of coral.



# The ANA Group

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

## Number of Subsidiaries and Affiliates

Operating Segment <sup>(Note)</sup>	Total of Subsidiaries	of which, consolidated	of which, equity method	Total of Affiliates	of which, equity method
Air Transportation	41	41	—	5	5
Travel Services	9	9	—	1	1
Other Businesses	57	26	5	35	13
Total	107	76	5	41	19

Note: ANA sold its hotel business in June 2007.

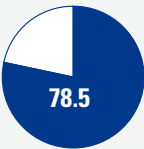


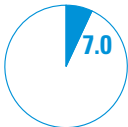
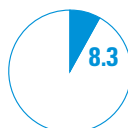

## Major Subsidiaries

Yen (Millions)

ANA and Principal Subsidiaries and Affiliates	Principal Businesses	Revenues <sup>(Note)</sup>	Paid-in Capital <sup>(Note)</sup>	Percentage Owned by the Parent
<b>Air Transportation: Transportation Related</b>				
All Nippon Airways Co., Ltd. (ANA)	Air transportation	¥1,248,647	¥160,001	Parent
Air Nippon Co., Ltd. (ANK)	Air transportation (mainly domestic mid/long-distance routes using narrow-body aircraft)	44,448	100	100.0
Air Nippon Network Co., Ltd. (AKX)	Air transportation (mainly within Hokkaido and Itami arrival/departure routes using turbo-prop aircraft)	10,418	50	100.0
Air Japan Co., Ltd. (AJX)	Air transportation (mainly Asian resort routes)	9,597	50	100.0
Air Central Co., Ltd. (CRF)	Air transportation (mainly Nagoya arrival/departure routes using turbo-prop aircraft)	5,591	50	86.7
Air Next Co., Ltd. (NXA)	Air transportation (mainly Fukuoka and Nagoya arrival/departure routes using narrow-body aircraft)	5,159	50	100.0
ANA & JP Express Co., Ltd. (AJV)	Air cargo transportation	14,370	80	51.7
<b>Air Transportation: Transportation Support Related</b>				
International Airport Utility Co., Ltd.	Haneda Airport aircraft taxi/towing operations	¥ 12,955	¥ 100	99.5
ANA Catering Service Co., Ltd.	Preparation of in-flight meals	13,279	100	100.0
New Tokyo Airport Service Co., Ltd.	Narita Airport aircraft taxi/towing operations	10,880	60	100.0
ANA Aircraft Maintenance Co., Ltd.	Maintenance, repair, and improvement of aircraft and equipment	8,699	100	100.0
ANA Logistic Service Co., Ltd.	Air cargo imports warehousing and import/export administration	8,663	465	95.0
<b>Travel Services</b>				
ANA Sales Co., Ltd.	Travel services (development, support, and sales of domestic and international travel packages)	¥ 175,299	¥ 1,000	100.0
ANA Sales Americas	Travel services (support for travel packages in the United States)	\$ 49,586 <sup>(thousand)</sup>	\$ 1,020 <sup>(thousand)</sup>	100.0
<b>Other Businesses</b>				
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)	¥ 82,031	¥ 1,000	100.0
ANA Information Systems Planning Co., Ltd.	System consulting and system integration services	25,681	52	100.0
Sky Building Service Co., Ltd.	Contracting of building/facility maintenance, management, and cleaning services	11,751	80	93.6
ANA Business Create Co., Ltd.	Air ticket inspection/HR dispatch and introduction services	7,460	100	100.0

Note: Figures for revenues and paid-in capital of each company are stated before intercompany eliminations.

# ANA at a Glance

Segment Revenues as a % of Operating Revenues		Segment Revenues (¥ Billions)
	<p><b>Air Transportation</b></p> <p>&gt;&gt;&gt; Page 32</p> 	<p>2009 <b>1,229.5</b></p> <p>2008 1,301.6</p> <p>2007 1,248.7</p> <p>2006 1,132.6</p> <p>2005 1,066.9</p>
	<p><b>Domestic Passenger Operations</b></p> <p>&gt;&gt;&gt; Page 33</p> 	<p>2009 <b>699.3</b></p> <p>2008 739.5</p> <p>2007 726.0</p> <p>2006 685.0</p> <p>2005 658.7</p>
	<p><b>International Passenger Operations</b></p> <p>&gt;&gt;&gt; Page 35</p> 	<p>2009 <b>291.0</b></p> <p>2008 311.5</p> <p>2007 278.4</p> <p>2006 229.2</p> <p>2005 210.7</p>
	<p><b>Cargo and Mail Operations</b></p> <p>&gt;&gt;&gt; Page 37</p> 	<p>2009 <b>109.7</b></p> <p>2008 114.3</p> <p>2007 105.1</p> <p>2006 96.7</p> <p>2005 90.9</p>
	<p><b>Other Transportation Services</b></p> <p>&gt;&gt;&gt; Page 38</p> 	<p>2009 <b>129.3</b></p> <p>2008 136.2</p> <p>2007 139.0</p> <p>2006 121.6</p> <p>2005 106.4</p>
	<p><b>Travel Services</b></p> <p>&gt;&gt;&gt; Page 39</p> 	<p>2009 <b>188.7</b></p> <p>2008 215.3</p> <p>2007 208.0</p> <p>2006 199.4</p> <p>2005 190.2</p>
	<p><b>Other Businesses</b></p> <p>&gt;&gt;&gt; Page 40</p> 	<p>2009 <b>148.2</b></p> <p>2008 198.9</p> <p>2007 196.8</p> <p>2006 190.9</p> <p>2005 183.3</p>

Note: Elimination of the Hotel Operations Business Segment

ANA transferred the shares and assets of its 14 hotel-related subsidiaries outside the ANA Group in June 2007. Accordingly, the Hotel Operations segment has been eliminated as of the fiscal year ended March 2008.



Business Activities	Highlights
<p>The ANA Group ranks 7th among the world's airlines on its domestic routes and 12th overall in terms of revenue passengers. ANA and six Group airline companies 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.</p>	<ul style="list-style-type: none"> <li>• Demand in all segments decreased significantly in the second half due to the impact of the global recession.</li> <li>• ANA moved to raise operating efficiency by matching capacity to demand, but factors including the impact of high fuel prices in the first half caused a substantial decrease in operating income.</li> </ul>
<p>The ANA Group serves approximately 42.7 million passengers annually through 912 flights on 128 routes each day, and is a leader on domestic routes with a 47% share of Japan's domestic passenger services market. 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 <i>Premium Class</i>.</p>	<ul style="list-style-type: none"> <li>• Companies have cut back on business travel and consumer spending has cooled, resulting in a rapid deterioration in demand.</li> <li>• ANA has rapidly adjusted capacity in response to falling demand by terminating or cutting back on flights.</li> <li>• We maintained unit prices at the previous fiscal year's levels by flexibly setting airfares and meticulously managing yield.</li> </ul>
<p>The ANA Group serves approximately 4.4 million international passengers annually through 548 flights on 34 routes from Japan each week. As a core member of the Star Alliance, the world's largest airline alliance, the ANA Group provides high-quality, highly convenient air transportation services. We are enhancing our East Asia network, primarily in China, to expand revenues.</p>	<ul style="list-style-type: none"> <li>• Business demand decreased substantially in the second half due to the global recession.</li> <li>• We focused on profitability by reducing capacity in response to lower demand.</li> <li>• The number of passengers decreased on all routes, but unit price improved as a result of revisions to fuel surcharges on fares.</li> </ul>
<p>The ANA Group provides cargo services through 6 cargo freighters and belly space on passenger planes. We offer 5 domestic flights on 4 routes daily, and 90 international flights on 16 routes weekly. We forecast growth in express cargo demand in Asia over the medium-to-long term and continue to build the foundation of this business.</p>	<ul style="list-style-type: none"> <li>• Revised cargo pricing strategies supported revenue growth on domestic cargo routes despite the recession.</li> <li>• Demand on international cargo routes increased steadily in the first half but fell rapidly in the second half. Unit price dropped as well, and as a result revenues decreased.</li> </ul>
<p>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.</p>	<ul style="list-style-type: none"> <li>• Although ANA worked to increase revenues from aircraft maintenance and ground handling services provided to other airlines, decrease in overall demand resulted in a decrease in revenues in ancillary businesses.</li> </ul>
<p>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 <i>ANA Sky Holiday</i> and <i>ANA Hallo Tours</i>. Overseas, the ANA Group provides local services to customers who purchased travel packages in Japan. Inbound and outbound air tickets and travel products are also sold abroad.</p>	<ul style="list-style-type: none"> <li>• Amid falling demand for travel, domestic travel service revenues decreased despite various programs designed to increase sales.</li> <li>• Overseas travel service revenues decreased because the recession reduced demand.</li> </ul>
<p>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. Logistics services include storage and management of imported air cargo and ground transportation. 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.</p>	<ul style="list-style-type: none"> <li>• Revenues decreased because of reduced transaction volume in product sales, including spare parts and other aircraft-related products.</li> <li>• ANA Logistic Service Co., Ltd. was reclassified to the Air Transportation segment.</li> </ul>

## Air Transportation



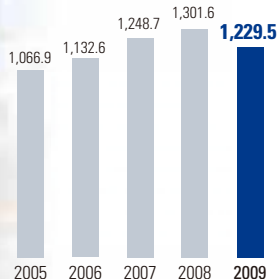
### Highlights

Air transportation revenues .....	¥1,229.5 billion (–5.5%)
Operating expenses .....	¥1,224.7 billion (+0.1%)
Operating income .....	¥4.7 billion (–93.9%)
ROA* .....	0.3% (–4.7 percentage points)

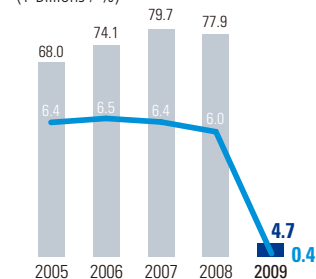
\*ROA = segment operating income / simple average of segment assets

The Air Transportation segment accounted for 78.5% of total operating revenues before eliminations.

Operating Revenues  
(¥ Billions)



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



In domestic passenger operations, the decrease in overall demand due to the recession caused competition with other airline companies and other transportation providers to intensify and the number of passengers to decrease. In international passenger operations, demand was firm in the first half, but the turmoil in financial and capital markets in the second half caused demand to decline and the number of passengers to decrease significantly compared with the previous fiscal year. In cargo and mail operations, cargo volume increased year on year because of substantial growth on international routes in the first half.

In this operating environment, ANA moved to stimulate demand, adjusted fares and revised fuel surcharges to increase revenues. ANA also matched capacity to

demand to further raise efficiency. However, the impact of higher fuel costs and other factors caused a sharp decrease in operating income.

Consequently, air transportation revenues decreased 5.5 percent year on year to ¥1,229.5 billion and operating income decreased 93.9 percent year on year to ¥4.7 billion.

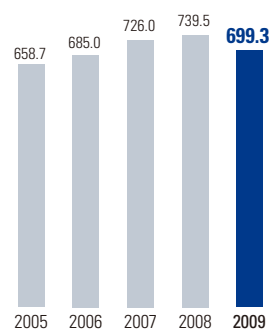
In the fiscal year ending March 2010, weak demand is projected to continue for the immediate future. ANA therefore forecasts that its operating environment will remain extremely challenging. However, ANA will match capacity to demand even more precisely and work to revise its cost structure in order to improve profitability.

## Domestic Passenger Operations

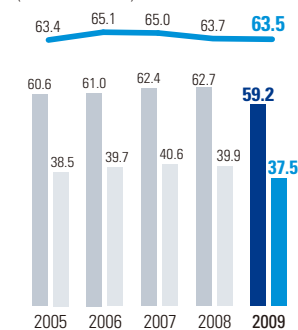
### Highlights

Passenger revenues .....	¥699.3 billion (−5.4%)
Passenger numbers.....	42.75 million (−6.2%)
Available seat-kilometers.....	59.2 billion (−5.5%)
Unit revenues .....	¥11.8 (±¥0.0)
Yield .....	¥18.6 (+¥0.1)
Unit price .....	¥16,359 (+0.8%)

Operating Revenues  
(¥ Billions)



Available Seat-km (ASK)  
Revenue Passenger-km (RPK)  
Load Factor  
(km Billions / %)



### Overview of the Fiscal Year Ended March 2009

#### ANA moved quickly to adjust capacity as demand decreased.

With weaker overall demand on domestic routes, competition with other airlines and the Shinkansen bullet train intensified on ANA's main routes. Moreover, the rapid downturn in the economy from September 2008 caused companies to cut back on business travel and demand to cool further.

Given these conditions, ANA reduced and rationalized available seat-kilometers in response to the sharp drop in demand throughout its route network. Ongoing efforts from the previous fiscal year included maintaining the core network while reducing or eliminating flights on routes with fewer passengers, accelerating the shift to smaller planes, and increasing flights on highly profitable routes. ANA also introduced new, fuel efficient aircraft including the Boeing 737-800 on the Tokyo-Yonago route from June 2008.

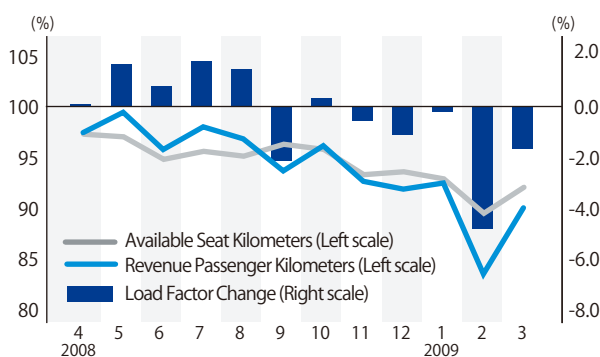
Moreover, ANA took steps to raise efficiency and the competitiveness of its network by offering a code-sharing service with Starflyer Inc. for flights on the Haneda-Kansai route and with Hokkaido International Airlines on the Sapporo-Sendai route from November 2008, and with Skynet Asia Airways Co., Ltd. for the Kagoshima-Okinawa and Nagasaki-Okinawa routes from February 2009.

Despite lower demand during the fiscal year, these efforts allowed ANA to maintain its load factor at 63.5 percent, which was essentially unchanged from 63.7 percent for the fiscal year ended March 2008.

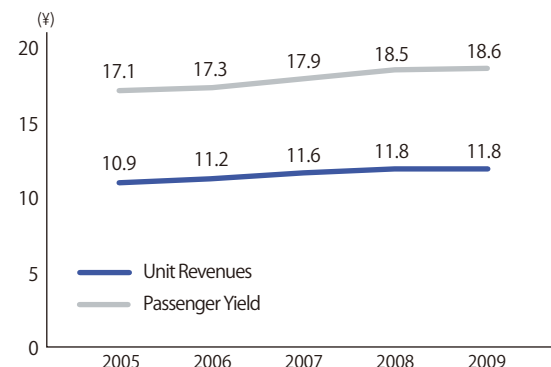
#### Detailed fare and yield management improved unit price despite a decline in the number of passengers.

In sales, ANA has strengthened its ability to compete for business demand by introducing *Premium Class*, and is

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



Unit Revenues & Passenger Yield



expanding it to additional aircraft while enhancing service. In addition, ANA has increased regular fares while presenting more fare choices by setting *Business Kippu* fares limited to ANA credit card users.

ANA aggressively implemented measures to stimulate leisure passenger demand, such as flexibly setting fares by

flight in accordance with passenger demand and managing yields. ANA aimed to serve additional passengers by adding flights during peak demand periods and executed seasonal promotions to stimulate travel demand.

The number of passengers on domestic routes decreased 6.2 percent year on year to 42.75 million. However, unit price increased 0.8 percent year on year because of higher fares, steady demand for *Premium Class* and the effect of yield management. Consequently, operating revenues decreased 5.4 percent year on year to ¥699.3 billion.



ANA introduced *Premium Class* in April 2008

## Initiatives in the Fiscal Year Ending March 2010

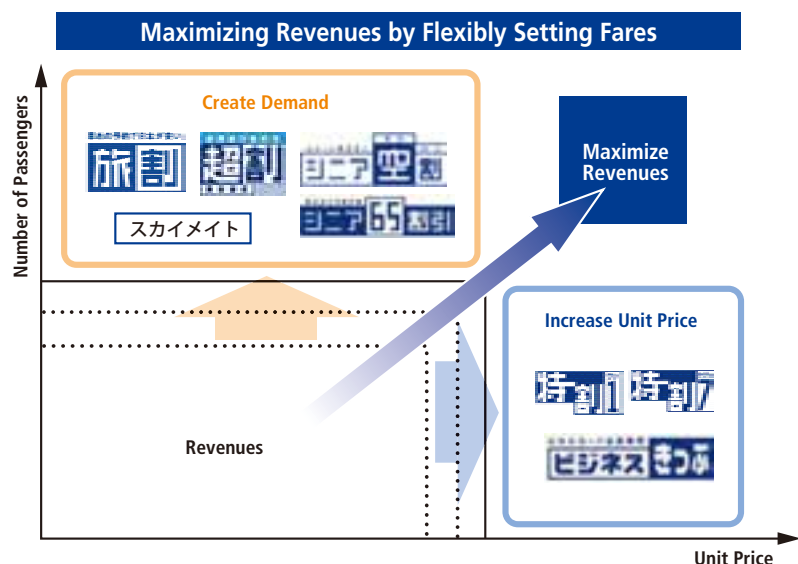
**ANA will further match capacity with demand, and aims to maximize operating revenues by both stimulating demand and improving unit price.**

While the economy deteriorated rapidly and significantly in the second half of the fiscal year ended March 2009, signs that it has bottomed have begun to appear, although challenging conditions continue in some sectors. However, the outlook for the recovery in demand is difficult to determine with certainty, though competition is projected to intensify. ANA will respond to these conditions by quickly and meticulously adjusting capacity and promoting enhanced profitability. Other means to maintain and improve competitiveness will include the use of yield management in flexible fare strategies and measures to stimulate demand.

Specifically, ANA will concentrate its own capacity on its main, high-revenue routes and expand code sharing with

partner airlines to maintain its network and ensure convenience for customers. Moreover, ANA will enhance flexibility in managing capacity by shifting aircraft on routes according to demand on a weekly basis, rather than on a monthly basis as in the past. In addition, ANA plans to aggressively use large aircraft and surplus capacity to add flights during peak demand periods.

ANA will work to capture demand from frequent flyers and businesses by continuing to develop convenient, moderately priced fares such as *Business Toku-Wari* and *Business Kippu* while strengthening marketing. ANA also aims to generate stable operating revenues from leisure demand through discount fares and the development of fares that stimulate demand such as new *Senior Sora-Wari* for passengers age 65 and older.



*Premium Class* (Boeing 767)

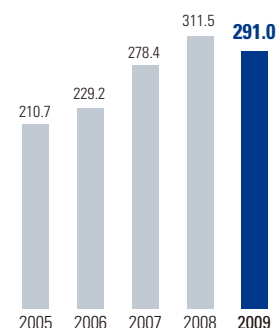


## International Passenger Operations

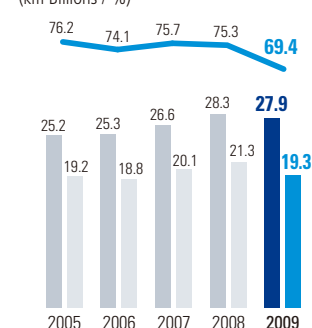
### Highlights

Passenger revenues .....	¥291.0 billion (−6.6%)
Passenger numbers.....	4.43 million (−8.2%)
Available seat-kilometers.....	27.9 billion (−1.3%)
Unit revenues.....	¥10.4 (−¥0.6)
Yield .....	¥15.0 (+¥0.4)
Unit price .....	¥65,674 (+1.7%)

Operating Revenues  
(¥ Billions)



Available Seat-km (ASK)  
Revenue Passenger-km (RPK)  
Load Factor  
(km Billions / %)



### Overview of the Fiscal Year Ended March 2009

#### Demand decreased in every sector, centered on business demand.

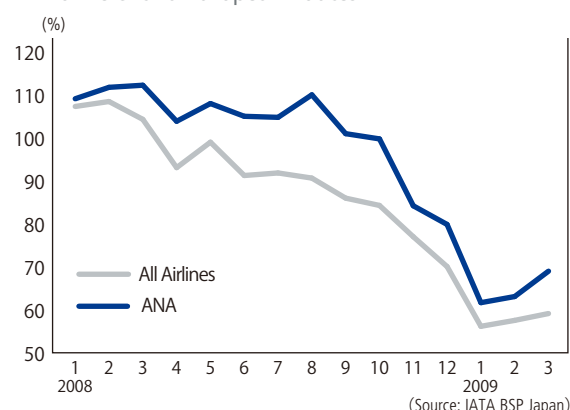
With the global recession that resulted from the subprime loan problem, demand weakened somewhat on international routes from the first half of the fiscal year. From September 2009, business demand decreased substantially as the sharp deterioration of the business environment caused companies to cut back on travel.

The recession also affected leisure demand by causing demand for travel to cool, and factors such as concerns about food safety and the Sichuan earthquake restrained travel to China. Moreover, other factors such as the shut-down of airports in Bangkok and a terrorist incident in Mumbai weakened demand.

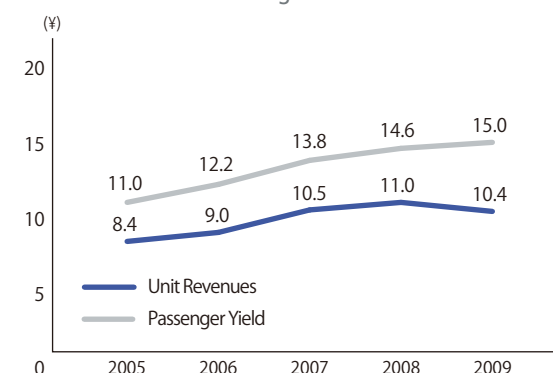
In this challenging environment, during the Beijing Olympics in August 2008 ANA moved aggressively to increase operating revenues by operating charter flights and larger aircraft on regular flights on the Haneda-Beijing route. In addition, ANA used available time slots for international charter flights from Haneda. Initiated in April 2008, the Haneda-Hong Kong route has performed well, receiving strong support from passengers because of its excellent convenience.

ANA responded to the sharp decrease in demand and worked to raise operating efficiency by deploying smaller aircraft on China routes from October 2008 and terminating the Kansai-Guam route in January 2009. In addition, from February 2009 ANA countered further decreases in demand in the second half by terminating the Kansai-Dalian and the Kansai-Shenyang routes, reducing flights on the Narita-Shanghai and Narita-Mumbai routes, and downgauging to smaller aircraft on the Narita-Bangkok route. These moves to

Year-on-Year Comparison of Business Class Revenues from U.S. and European Routes



Unit Revenues & Passenger Yield



more precisely match capacity and demand were designed to improve profitability.

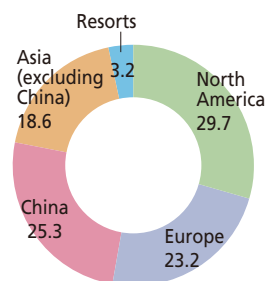
Despite these initiatives, the sharp decrease in overall demand caused a substantial decrease in load factor to 69.4 percent from 75.3 percent for the previous fiscal year.

**The number of passengers decreased because of reduced demand, but fare strategy drove unit price improvement.**

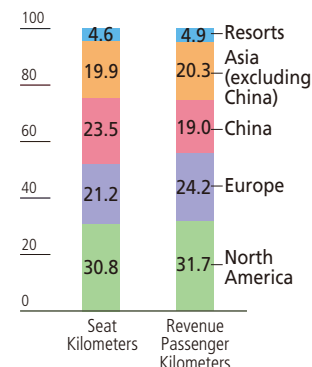
With demand deteriorating, ANA launched a highly price competitive new fare, *Super Eco-Wari*, in April 2008 to stimulate demand. ANA strengthened price flexibility and yield management by re-launching *Super Eco-Wari* and *Eco-Wari* 14 for flights from October with prices changing according to seat availability. ANA also moved to improve profitability by revising fuel surcharges in response to the higher price of jet fuel.

Consequently, for the fiscal year ended March 2009 the number of passengers on international routes decreased 8.2 percent year on year to 4.43 million, but unit price increased 1.7 percent year on year due to factors including high fares primarily on European and U.S. routes due to fuel surcharges. As a result, operating revenues decreased 6.6 percent year-on-year to ¥291.0 billion.

■ Operating Revenues by Destination  
(Fiscal year ended March 2009)  
(%)



■ Seat Kilometers and Revenue Passenger Kilometers by Destination  
(Fiscal year ended March 2009)  
(%)



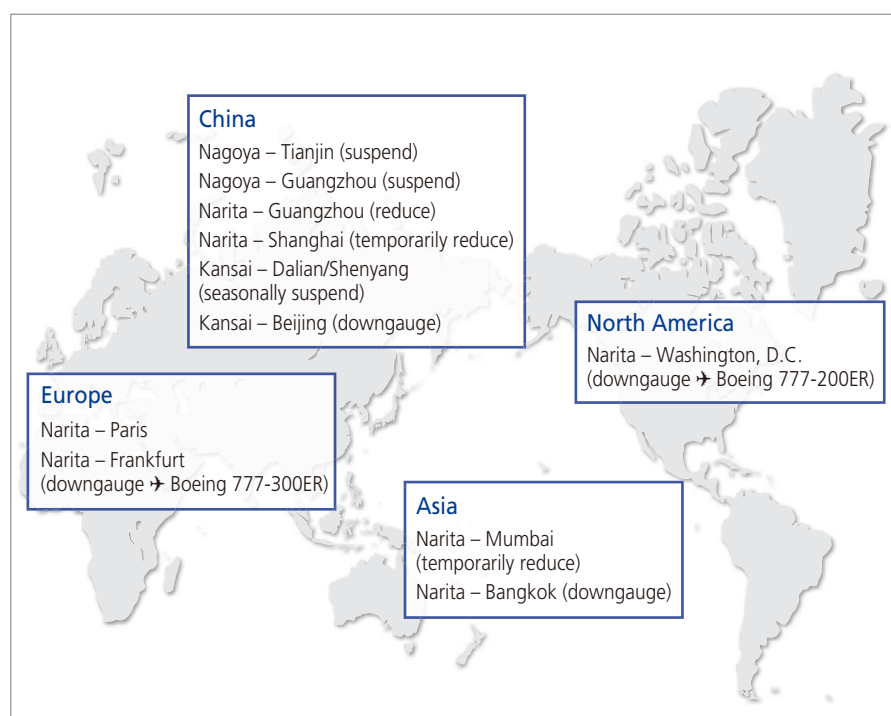
## Initiatives in the Fiscal Year Ending March 2010

**ANA will appropriately adjust capacity and carry out measures to stimulate demand in working to improve profitability.**

Lower demand due to the global recession is likely to continue for the immediate future. Given this environment, during the fiscal year ending March 2010 ANA plans to improve profitability by reducing capacity by approximately 6 percent to respond to change in the capacity and demand balance. Specifically, ANA will reduce or eliminate flights on certain China routes and the Narita-Mumbai route. In addition to reducing or eliminating flights on China routes, ANA aims to restore profitability by downgauging to smaller aircraft to reduce capacity. On North American and European routes, ANA will switch to the highly economical Boeing 777-300ER on routes for which it now employs the Boeing 747-400 while adjusting capacity. In addition, charter flights and temporarily upgauging to larger aircraft during periods of high demand will support efforts to rapidly and accurately adjust capacity to demand trends.

ANA is moving to counter the sharp drop in business demand from the sec-

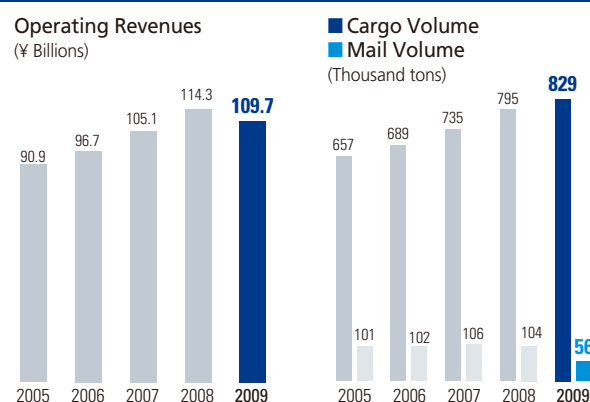
ond half of the fiscal year ended March 2009 and attract customers through marketing in tune with customer needs with the aim of generating stable revenue. In the leisure travel market, ANA will work to expand operating revenues and stimulate demand by continuing to offer competitive flight fares.



## Cargo and Mail Operations

### Highlights

Cargo and mail revenues .....	¥109.7 billion (–4.0%)
Cargo volume .....	829 thousand tons (+4.3%)
Cargo revenues .....	¥102.1 billion (–0.6%)
Mail volume .....	56 thousand tons (–45.4%)
Mail revenues .....	¥7.5 billion (–34.3%)



### Overview of the Fiscal Year Ended March 2009

#### Domestic cargo revenues increased due to accounting changes for Yu-Pack and measures to stimulate demand.

Domestic cargo volume increased despite the effect of the recession due to factors including an accounting change that reclassified Yu-Pack mail from “mail” to “cargo.” Furthermore, earnings also increased because of unit price improvement from revisions to domestic freight rates that went into effect from April 2008, and ANA also increased demand for flights during off-peak periods by enhancing its lineup of discounted fares, such as *Hiru-Wari* and *Holiday-Wari*.

Consequently, in the fiscal year ended March 2009, domestic cargo volume increased 2.7 percent year on year to 475 thousand tons and operating revenues increased 8.3 percent year on year to ¥33.0 billion.

#### International cargo revenues decreased but international cargo volume was essentially unchanged year on year despite decreasing demand.

The impact of the global recession blunted international cargo shipments, and air cargo demand fell sharply. In particular, international cargo traffic on all routes decreased substantially from November 2008.

Under these conditions, ANA took steps to enhance its freight network, such as increasing services every weekday to

Xiamen and Qingdao, China from the end of March 2008, and to Taipei from July. From October 2008, ANA increased flights from Narita, where demand is high. Elsewhere, ANA also strove to improve profitability by suspending freight services on some routes from January 2009 in response to rapid decreases in demand. In July 2008, ANA introduced the world's first 767-300 Boeing Converted Freighter (BCF) to reduce costs by replacing wet-leased aircraft. As a result, at the end of March 2009 ANA had a freighter fleet of six aircraft. In April 2008, ANA moved to meet customer needs for intercompany distribution and package express services by joining with major forwarding companies to establish All Express Corporation, which commenced business-to-business (B2B) international express delivery services from July.

As a result of these activities, ANA worked aggressively to increase cargo volume from Asia and China to North America and Europe, distribution within Asia, and cargo volume from North America and Europe to Japan. Cargo traffic volume on international routes therefore increased 6.5 percent year on year to 354 thousand tons. In addition, ANA adjusted fuel surcharges in response to the higher price of jet fuel. However, the drop in demand increased competition to acquire customers and caused unit prices to fall. Operating revenues therefore declined 4.3 percent year on year to ¥69.0 billion.

#### ■ Cargo Revenues and Volume

		2009	2008	2007
Cargo revenues (¥ Millions)	Domestic	33,097	30,566	30,574
	International	69,069	72,192	62,195
	Total	102,166	102,758	92,769
Cargo volume (Tons)	Domestic	475,014	462,569	457,914
	International	354,251	332,507	277,571
	Total	829,265	795,076	735,485

#### ■ Mail Revenues and Volume

		2009	2008	2007
Mail revenues (¥ Millions)	Domestic	3,914	7,973	8,936
	International	3,672	3,575	3,438
	Total	7,586	11,548	12,374
Mail volume (Tons)	Domestic	37,997	88,649	90,977
	International	18,772	15,330	15,389
	Total	56,769	103,979	106,366



**Revenues decreased in domestic mail operations, but increased in international mail operations as ANA moved aggressively to capture demand.**

In domestic mail operations, factors including the change to classifying *Yu-Pack* mail as cargo caused domestic mail volume to decrease 57.1 percent year on year to 37 thousand tons, and operating revenues to decline 50.9 percent year on year to ¥3.9 billion.

## Initiatives in the Fiscal Year Ending March 2010

**ANA made progress in building the foundation for a third core business.**

The decrease in international cargo demand is projected to create a challenging environment in the fiscal year ending March 2010. Given this environment, ANA will appropriately match capacity to demand while working to maintain or improve profitability. ANA returned one leased cargo freighter at the end of March 2009. ANA will also carefully analyze demand trends in weighing the benefits and drawbacks of its plan to introduce a large-body freighter in the second half of the year ending March 2010.

Meanwhile, ANA believes that intra-Asian air cargo will grow over the medium-to-long term, and is aiming to transform cargo operations into a third core business by continuing to build the operating and earnings base of the cargo business.

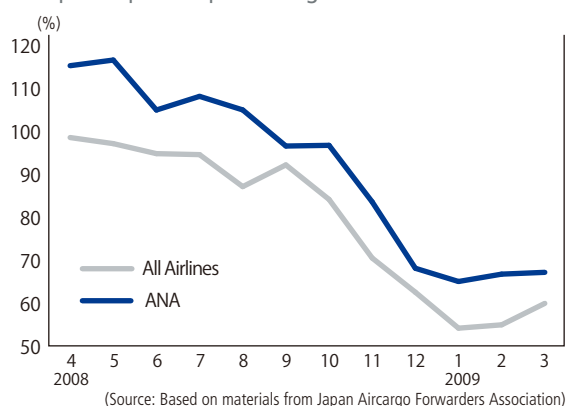
ANA plans to begin operating its cargo hub in Okinawa from fall 2010. Okinawa is centrally located among sources of strong air cargo demand in Japan and Asia, with numerous key cities within four hours by plane. ANA will construct a cargo hub in Okinawa to start an efficient shipping system, with plans to operate flights from four cities in Asia (Seoul, Shanghai, Taipei and Hong Kong) connecting with three airports in Japan (Narita, Haneda and Kansai) via Okinawa. ANA also plans to add to its

In international mail operations, ANA aggressively implemented measures to capture international mail service demand. Despite the economic slowdown, results were robust from Japan to all destinations apart from Europe, and were also solid inbound to Japan from Europe and Asia. As a result, mail volume carried increased 22.5 percent year on year to 18 thousand tons, and operating revenues increased 2.7 percent year on year to ¥3.6 billion.

medium-body freighters, and add an overseas operating base.

In the express business, in March 2009 ANA increased its capital participation in Overseas Courier Service (OCS) Co., Ltd. In tandem with All Express, a stronger relationship with OCS will support the development of sales and marketing systems for express delivery operations. Moreover, ANA is generating revenues from strategic alliances, such as its relationship with United Parcel Service of America, Inc., while also steadily strengthening its information technology infrastructure and revenue management capabilities.

■ Year-on-Year Comparison of Japan Imports/Exports Weight



## Other Transportation Services

### Highlights

Other transportation services revenues.. ¥129.3 billion (-5.1%)

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. However, for the fiscal year ended March 2009 operating revenues decreased 5.1 percent year on year to ¥129.3 billion.



# Travel Services

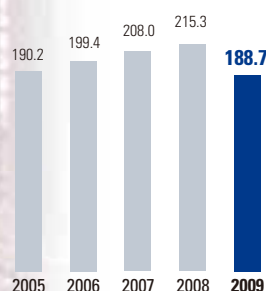


## Highlights

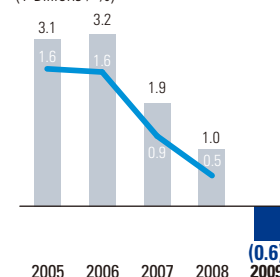
Travel services revenues .....	¥188.7 billion (–12.4%)
Operating expenses .....	¥189.4 billion (–11.6%)
Operating loss .....	¥0.6 billion (—)

The Travel Services segment accounted for 12.1% of total operating revenues before eliminations.

Operating Revenues  
(¥ Billions)



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



Demand for domestic travel services declined in a challenging environment and consumers were increasingly price conscious. In this difficult operating environment, ANA aggressively worked to increase sales, such as bringing forward the sales period of tour products for individuals. But apart from Tokyo Disney Resort-related products, sales of all products declined and domestic travel service operating revenues fell year on year.

Overall demand for international travel services declined for the full fiscal year due to higher fuel surcharges, concerns over the safety of Chinese food and the Sichuan earthquake, and the closure of an airport in Bangkok. ANA implemented decisive methods to strengthen sales competitiveness, including tour packages for the Beijing Olympics, a business alliance with KNT Co., Ltd., and guaranteed companion seating for certain products. However, these efforts could not compensate for the significant decrease in demand that accompanied the global recession, and operating revenues for international

travel services decreased substantially year on year.

At the same time, ANA also launched the *Tabi-Dachi* travel club, established for *ANA Mileage Club* members, and the number of participants increased to approximately 1.4 million as of the end of February 2009.

Travel services operating revenues decreased 12.4 percent year on year to ¥188.7 billion. Operating loss was ¥0.6 billion.

In the year ending March 2010, ANA will enhance its travel product planning capabilities to further differentiate its products from those of competitors. Going forward, ANA will meet increasingly diversifying customer needs by strengthening its sales capabilities. ANA will also work to improve profitability by proposing new travel products that will enhance a lineup already full of originality. This lineup includes the *Kando Annainin Plan*, which are tours using guides who live in and are knowledgeable about the tour area, as well as tours available exclusively to members of the *Tabi-Dachi* travel club.

## Other Businesses

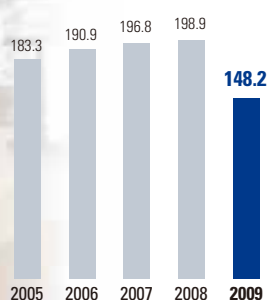


### Highlights

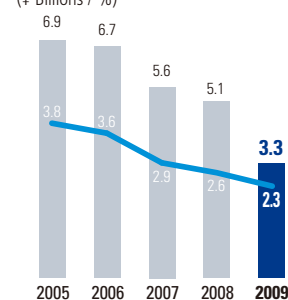
Operating revenues.....	¥148.2 billion (–25.5%)
Operating expenses.....	¥144.8 billion (–25.2%)
Operating income .....	¥3.3 billion (–35.6%)

The Other Businesses segment accounted for 9.5% 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 conducts trading and retailing, due to the change in the nature of its contract with ANA for aircraft parts and declines in the volume of work handled in its aircraft and machinery operations.

Despite the solid market launch of the new *INFINI LINX PLUS* flight reservation system for travel agencies and the positive development of new markets for strategic products, revenues declined year on year at Infini Travel Information Inc., as declining overseas travel demand caused a fall in the use of its international flight reservation and ticketing system.

Revenues increased at ANA Information Systems Planning Co., Ltd., which develops and maintains systems for ANA Group companies, as it conducted development of customer information, cargo, and operations systems for the next fiscal year.

As a result of the above, overall operating revenues in other businesses fell 25.5 percent year on year to ¥148.2 billion, and operating income was down 35.6 percent to ¥3.3 billion.

In the year ending March 2010, the ANA Group will continue to promote speedy and timely management focused on securing profit on a consolidated basis. This will support the objective of its management vision of heightening the integrated capabilities of the entire ANA Group.





## Financial Section

42	Consolidated 11-Year Summary
44	Industry Trends
45	Management's Discussion and Analysis
54	Operating Risks
56	Consolidated Balance Sheets
58	Consolidated Statements of Income
59	Consolidated Statements of Changes in Net Assets
60	Consolidated Statements of Cash Flows
61	Notes to Consolidated Financial Statements
75	Report of Independent Auditors

# Consolidated 11-Year Summary

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

	2009	2008	2007	2006
<b>For the Year</b>				
Operating revenues.....	¥1,392,581	¥1,487,827	¥1,489,658	¥1,368,792
Operating expenses .....	1,384,992	1,403,438	1,397,468	1,279,990
Operating income .....	7,589	84,389	92,190	88,802
EBITDA (Note 3).....	120,470	201,176	180,800	165,003
Income (loss) before income taxes and minority interests.....	(4,445)	115,224	51,064	52,433
Net income (loss).....	(4,260)	64,143	32,658	26,722
Cash flows from operating activities .....	¥ (39,783)	¥ 165,765	¥ 158,714	¥ 128,525
Cash flows from investing activities.....	(111,139)	(69,827)	(128,298)	(46,449)
Cash flows from financing activities .....	114,504	(87,336)	(100,897)	(3,137)
Free cash flow .....	(150,922)	95,938	30,416	82,076
Depreciation and amortization (excluding extraordinary depreciation) .....	112,881	116,787	88,610	76,201
Capital expenditure.....	145,709	357,733	251,926	235,580
<b>At Year-End</b>				
Total assets .....	¥1,761,065	¥1,783,393	¥1,602,091	¥1,666,843
Interest-bearing debt (Note 4).....	897,236	767,876	749,446	846,317
Short-term debt (Note 4).....	169,462	136,399	158,724	149,438
Long-term debt (Note 4).....	727,774	631,477	590,722	696,879
Total shareholders' equity (Note 5).....	321,883	452,972	398,223	346,309
<b>Per Share Data (Yen, U.S. dollars)</b>				
Net income .....	¥ (2.19)	¥ 32.93	¥ 16.77	¥ 15.64
Net assets.....	166.50	232.58	204.42	177.89
Cash dividends .....	1.00	5.00	3.00	3.00
Average number of shares during the year (thousand shares).....	1,945,061	1,947,736	1,947,618	1,708,031
<b>Management Indexes</b>				
Operating income margin (%) .....	0.5	5.7	6.2	6.5
Net income margin (%) .....	—	4.3	2.2	2.0
ROA (%) (Note 6).....	0.6	5.3	6.0	5.7
ROE (%) (Note 7).....	—	15.1	8.8	9.5
Equity ratio (%) .....	18.3	25.4	24.9	20.8
Debt/equity ratio (times) (Note 8) .....	2.8	1.7	1.9	2.4
Asset turnover (times).....	0.8	0.9	0.9	0.8
Interest coverage ratio (times) (Note 9) .....	—	10.7	8.9	6.3
Current ratio (times).....	0.9	0.9	0.9	1.1
Payout ratio (%) .....	—	15.2	17.9	19.2
Number of employees (Note 9).....	33,045	31,345	32,460	30,322
<b>Operating Data</b>				
<b>Domestic passenger services</b>				
Passenger revenues (¥ millions / \$ thousands) .....	699,389	739,514	726,063	685,074
Available seat-km (millions).....	59,222	62,651	62,414	60,973
Revenue passenger-km (millions) .....	37,596	39,928	40,564	39,712
Number of passengers (thousands).....	42,753	45,557	46,471	45,474
Load factor (%).....	63.5	63.7	65.0	65.1
Unit revenues (¥).....	11.8	11.8	11.6	11.2
Yield (¥) .....	18.6	18.5	17.9	17.3
<b>International passenger services</b>				
Passenger revenues (¥ millions / \$ thousands) .....	291,077	311,577	278,478	229,232
Available seat-km (millions).....	27,905	28,285	26,607	25,338
Revenue passenger-km (millions) .....	19,360	21,291	20,145	18,769
Number of passengers (thousands).....	4,432	4,827	4,552	4,135
Load factor (%).....	69.4	75.3	75.7	74.1
Unit revenues (¥).....	10.4	11.0	10.5	9.0
Yield (¥) .....	15.0	14.6	13.8	12.2
<b>Domestic Cargo</b>				
Cargo revenues (¥ millions / \$ thousands).....	33,097	30,566	30,574	29,659
Cargo volume (tons) .....	475,014	462,569	457,914	440,750
<b>International Cargo</b>				
Cargo revenues (¥ millions / \$ thousands).....	69,069	72,192	62,195	55,380
Cargo volume (tons) .....	354,251	332,507	277,571	248,735

Notes: 1. As of March 31, 2009, there were 76 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 ¥98.23=US\$1, the approximate exchange rate as of March 31, 2009.

3. EBITDA = operating income + depreciation and amortization

4. Lease obligations are included for the fiscal years ended March 2008 and 2009 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)
2005	2004	2003	2002	2001	2000	1999	2009
¥1,292,813	¥1,217,596	¥1,215,909	¥1,204,514	¥1,279,635	¥1,209,647	¥1,070,773	\$14,176,738
1,215,039	1,183,242	1,218,506	1,181,546	1,197,392	1,178,088	1,075,934	14,099,480
77,774	34,354	(2,597)	22,968	82,243	31,559	(5,161)	77,257
148,220	98,590	59,255	84,305	141,576	90,000	68,259	1,226,407
45,679	35,221	(54,821)	(7,178)	63,289	(22,689)	(2,430)	(45,250)
26,970	24,756	(28,256)	(9,456)	40,286	(15,201)	(4,732)	(43,367)
¥ 149,070	¥ 89,793	¥ 85,952	¥ 33,993	¥ 148,796	¥ 77,249	¥ 61,285	\$ (404,998)
(169,247)	(95,882)	(52,478)	(123,927)	(17,964)	(85,207)	(19,626)	(1,131,416)
(51,600)	82,867	(63,364)	69,104	(158,359)	45,640	17,227	1,165,672
(20,177)	(6,089)	33,474	(89,934)	130,832	(7,958)	41,659	(1,536,414)
70,446	64,236	61,852	61,337	59,333	58,441	73,420	1,149,149
210,180	147,644	129,863	132,408	94,391	111,269	72,928	1,483,345
¥1,606,613	¥1,565,106	¥1,442,573	¥1,510,982	¥1,451,420	¥1,534,617	¥1,395,189	\$17,927,975
942,256	1,031,713	945,395	1,017,823	935,730	1,112,340	1,004,126	9,134,032
204,454	206,557	83,916	221,481	175,519	268,618	197,105	1,725,155
737,802	825,156	861,479	796,342	760,211	843,722	807,021	7,408,877
214,284	150,086	121,954	138,641	150,500	97,456	112,315	3,276,829
¥ 17.26	¥ 16.14	¥ (18.42)	¥ (6.17)	¥ 27.75	¥ (10.54)	¥ (3.28)	\$ (0.022)
128.31	97.66	79.57	90.40	98.19	67.61	77.85	1.695
3.00	3.00	—	—	—	—	—	0.010
1,562,537	1,533,368	1,533,940	1,533,744	1,451,543	1,442,100	1,442,725	
6.0	2.8	—	1.9	6.4	2.6	—	
2.1	2.0	—	—	3.1	—	—	
5.2	2.7	0.3	2.0	6.1	2.7	0.9	
14.8	18.2	—	—	32.5	—	—	
13.3	9.6	8.5	9.2	10.4	6.4	8.1	
4.4	6.9	7.8	7.3	6.2	11.4	8.9	
0.8	0.8	0.8	0.8	0.9	0.8	0.8	
7.0	4.1	3.8	1.2	4.2	2.0	—	
0.8	1.0	1.1	0.9	1.0	0.9	1.0	
17.4	18.6	—	—	—	—	—	
29,098	28,870	28,907	29,095	29,358	30,303	25,824	
658,762	644,861	646,854	662,772	672,504	653,737	654,106	7,119,912
60,648	63,148	62,565	60,980	61,074	60,093	59,875	
38,454	38,857	40,388	38,780	38,469	38,411	37,009	
44,486	44,784	47,133	45,796	45,509	45,431	43,893	
63.4	61.5	64.6	63.6	63.0	63.9	61.8	
10.9	10.2	10.3	10.8	11.0	10.9	10.9	
17.1	16.6	16.0	17.1	17.5	17.0	17.7	
210,735	176,956	185,481	169,660	207,449	180,776	174,565	2,963,218
25,190	24,626	25,974	26,928	32,446	33,772	31,138	
19,191	16,950	18,719	17,799	24,124	22,510	20,562	
4,116	3,301	3,784	3,438	4,378	3,999	3,572	
76.2	68.8	72.1	66.1	74.4	66.7	66.0	
8.4	7.2	7.1	6.3	6.4	5.4	5.6	
11.0	10.4	9.9	9.5	8.6	8.0	8.5	
29,515	26,670	24,330	24,746	28,283	27,718	27,853	336,933
422,397	414,406	383,583	386,727	434,333	420,846	410,820	
50,089	43,205	40,393	32,937	40,403	40,081	35,755	703,135
234,417	220,476	195,669	152,942	192,997	195,384	161,537	

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 for the fiscal years ended March 2008 and 2009 includes lease obligations as a result of the early application of the Accounting Standard for Lease Transactions.

9. The interest coverage ratio for the fiscal year ended March 1999 was not disclosed and therefore is not presented here.

\* 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.

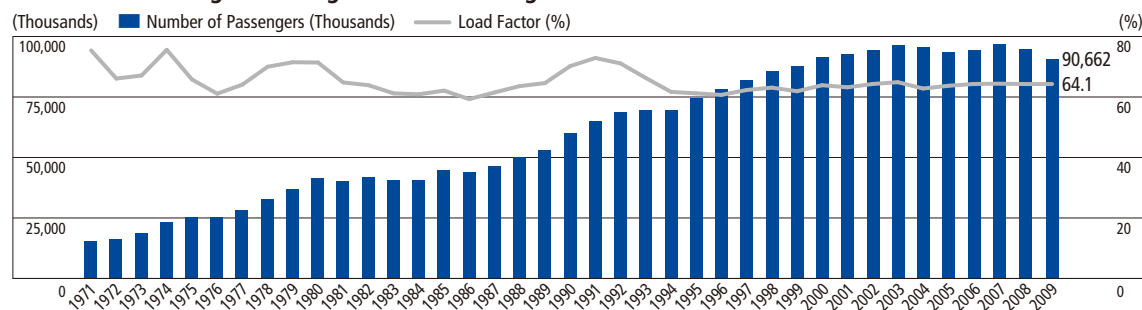
# Industry Trends

**Top 20 Airlines by Number of Revenue Passengers**

(Thousands)					
Ranking	Airline	Number of Passengers	Ranking	Airline	Number of Passengers
1	Southwest Airlines	101,921	11	Continental Airlines	46,998
2	American Airlines	92,772	12	<b>All Nippon Airways</b>	<b>46,982</b>
3	Delta Air Lines	71,843	13	Japan Airlines International	46,682
4	United Airlines	63,070	14	Easyjet	44,577
5	China Southern Airlines	57,961	15	Qantas Airways	37,892
6	Ryanair	57,647	16	China Eastern Airlines	36,923
7	US Airways	54,776	17	Air China Limited	34,152
8	Lufthansa	54,699	18	British Airways	33,652
9	Air France – KLM	50,449	19	TAM Linhas Aéreas	28,182
10	Northwest Airlines	49,671	20	SAS Scandinavian Airlines	25,355

Source: IATA World Air Transport Statistics, 2008

**Number of Passengers on Regular Domestic Flights**

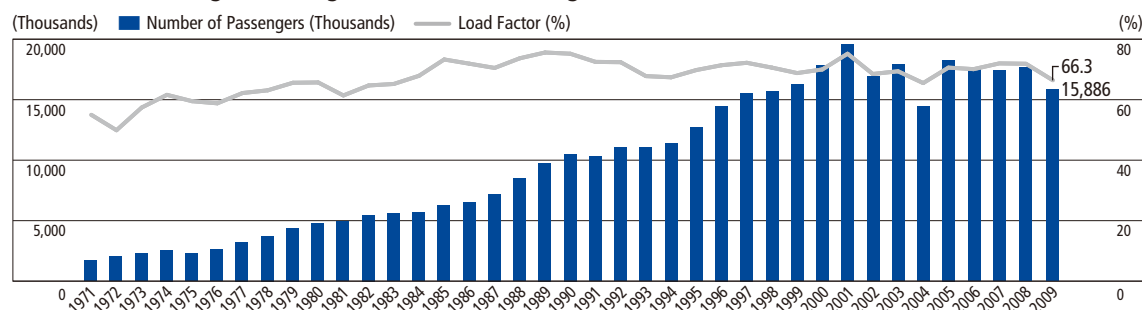


(Years ended March 31)

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

\* Figures for the year ended March 2008 are from a preliminary report.

**Number of Passengers on Regular International Flights**

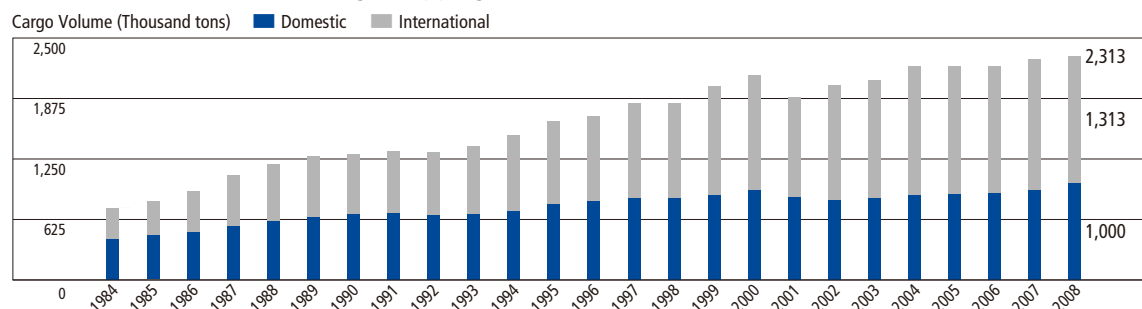


(Years ended March 31)

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

\* Figures for the year ended March 2008 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 2007 are from a preliminary report.



# Management's Discussion and Analysis

## Overview

### Overview of the ANA Group

All Nippon Airways Co., Ltd. ("ANA" or the "Company"), its 107 subsidiaries and 41 affiliates comprise the ANA Group, or the "Group." The Group's primary operations are air transportation, together with travel services and other businesses including trading and sales, system development and maintenance.

The ANA Group is subject to abrupt changes in its operating environment and competitive conditions, and has therefore been executing management reforms to build a strong corporate structure that can withstand changes in the operating environment in order to achieve steady and sustained growth.

Since resuming dividend payments in the fiscal year ended March 2004, the Company has improved profitability by concentrating on expanding in the growth areas of international passenger and cargo operations and enhancing competitiveness. The ANA Group has increased shareholders' equity through stable profits and the issuance of new shares in 2006. In addition, the ANA Group divested its hotel business in 2007 and focused its resources on its core air transportation businesses. These measures improved ANA's financial structure and resulted in restoration of ANA's single A credit rating.

Safe operations are the management foundation of the ANA Group, which aims to achieve its management vision of becoming Asia's Number 1 Airline Group by working to strengthen quality, customer satisfaction and cost competitiveness.

### Mid-Term Corporate Strategy

The ANA Group sees the expansions of Haneda and Narita, the two airports in the Tokyo area, that are scheduled for 2010 as an important business opportunity for achieving its management vision of becoming Asia's Number 1 Airline Group in terms of quality, customer satisfaction and value creation.

Based on the ANA Group Mid-Term Corporate Strategy (April 2008 to March 2012) announced in January 2008, ANA has further strengthened profitability on domestic routes and expanded 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 substantial decrease in demand in all businesses. In light of this rapid deterioration of the operating environment, the ANA Group formulated its FY 2009 Emergency Plan in April 2009.

The three core components of the FY 2009 Emergency Plan are restructuring the ANA Group's operations, mainly centered on an overhaul of its network; limiting all but strategically necessary investment; and implementing the most ambitious cost-saving initiative in the history of the airline. The ANA Group is steadily implementing emergency measures and aims to generate net income in the fiscal year ending March 2010 based on forecasts that demand will shift to recovery in the third quarter. At the same time, the ANA Group is steadily preparing for the imminent completion of the expansion of

Tokyo's two airports in 2010, which will support growth from the fiscal year ending March 2011.

The ANA Group's operating environment has changed significantly, but its vision of becoming Asia's Number 1 Airline Group has not. The Group is placing the highest priority on safe operations in working to make significant progress from 2010 onward.

## Economic Conditions

### General Economic Overview

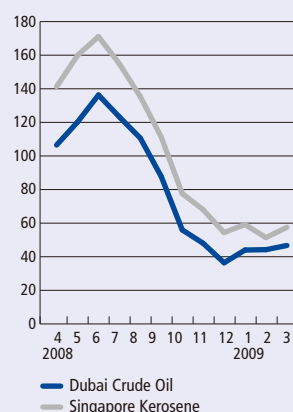
In the fiscal year ended March 2009, the Japanese economy entered a deep recession as the financial crisis in the United States initiated by the subprime mortgage crisis spread around the world. Particularly during the second half, the collapse of large U.S. financial institutions led to a global economic slowdown. Together with the sharp appreciation of the yen, exports decreased substantially. At the same time, demand declined rapidly as companies restrained capital expenditures and personal consumption cooled.

### Fuel Price and Exchange Rate Trends

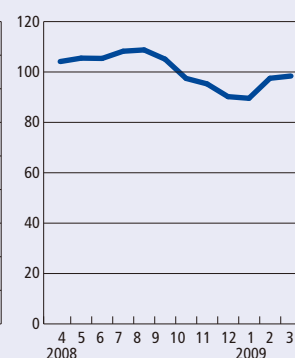
During the fiscal year ended March 2009, the volatility in the price of crude oil was unprecedented. During the first half, factors including rising global demand for energy and the flow of speculative funds into oil futures markets caused the Dubai crude oil price to rise continuously to a record level of \$140.77 per barrel in July 2008.

Subsequently, however, the turmoil in financial markets reined in speculative funds and the recession caused real demand to decrease. As a result, the price of crude oil dropped substantially. In December 2008, the price of crude oil had reversed by the largest margin in history when it dropped to \$40 per barrel. Since April 2009, the price of crude oil has recovered its equilibrium, with a trend toward a gradual increase.

Prices for Dubai Crude Oil and Singapore Kerosene (Fiscal Year Ended March 31, 2009)  
(U.S. Dollars per Barrel)



Monthly Yen-Dollar Exchange Rate (Fiscal Year Ended March 31, 2009)  
(Yen / U.S. Dollar)



As of March 31, 2009, the Dubai crude oil price was approximately half that of the beginning of the fiscal year at \$46.70 per barrel, with an average price for the fiscal year of \$82.80 per barrel. In addition, the market price of Singapore kerosene tracked the price of crude oil, ending the fiscal year at \$57.50 per barrel as of March 31, 2009, with an average price for the fiscal year of \$107.80 per barrel.

The yen strengthened and the dollar weakened. The average yen-dollar exchange rate during the first half was ¥106.05 to US\$1.00, but the impact of the global recession drove down the average yen-dollar exchange rate during the second half to ¥94.75 to US\$1.00. Consequently, the yen averaged ¥100.42 to US\$1.00 for the fiscal year ended March 2009.

#### **Air Transport Traffic Trends**

In 2008, the number of passengers on world air transport traffic increased 0.8% compared with the previous year to 2.29 billion (source: ICAO preliminary report). Passengers on scheduled international routes of IATA member airlines increased 1.6% and passengers on scheduled domestic routes decreased 2.8%. Moreover, scheduled global air cargo volume decreased 3.5%.

The number of passengers on scheduled routes in Japan in the fiscal year ended March 2009 decreased 4.4% compared with the previous year to 90.66 million (source: Ministry of Land, Infrastructure, Transport and Tourism preliminary report). Traffic on the Tokyo-Okinawa trunk route increased compared with the previous fiscal year, but the number of passengers on other trunk routes declined. Consequently, the number of passengers on trunk routes declined 2.6% from the previous year to 37.27 million. The number of passengers on local routes decreased 5.6% from the previous year to 53.40 million. The volume of cargo increased 4.6% from the previous year to 990 thousand tons.

The number of passengers carried by Japanese airlines on international routes in the fiscal year ended March 2009 decreased 10.2% from the previous year to 15.89 million. By destination, flights to South Korea remained basically unchanged from the previous year, but routes to all other areas declined. The volume of cargo decreased 12.7% from the previous fiscal year to 1.20 million tons.

### **Performance for the Fiscal Year Ended March 2009**

#### **Overview**

Operating revenues decreased 6.4% year on year to ¥1,392.5 billion. Passenger demand weakened slightly on both domestic and international routes from the beginning of the fiscal year. On the other hand, the ANA Group enhanced its network of international cargo flights and strengthened its sales and marketing system, which resulted in solid performance driven by a substantial increase in cargo volume during the first half. However, from September 2008 onward the impact of the global recession

caused substantial and sudden decreases in demand in both passenger and cargo operations. Unit price improved because ANA increased regular fares on domestic routes in April 2008, and raised IATA fares and adjusted fares on international routes with fuel surcharges to reflect the rising price of jet fuel. However, the substantial decrease in the number of passengers in the second half caused operating revenues to decrease compared with the previous fiscal year in the air transportation business, travel services and other businesses.

Operating expenses decreased 1.3% compared with the previous fiscal year to ¥1,384.9 billion. The rising price of crude oil during the first half caused fuel costs to increase substantially. However, the sharp drop in demand resulted in contraction in the air transportation business, which restrained variable operating expenses. The ANA Group also implemented emergency cost reductions in areas such as marketing and personnel expenses. As a result, operating income decreased 91.0% to ¥7.5 billion.

Net non-operating expenses totaled ¥12.0 billion, compared to net non-operating income of ¥30.8 billion for the previous fiscal year, reflecting the absence of the non-recurring gain on sale of hotel business assets in the previous fiscal year and the recognition of valuation loss on investments in securities in the fiscal year ending March 2009. As a result, net loss totaled ¥4.2 billion, compared with net income of ¥64.1 billion for the previous fiscal year.

#### **Review of Operating Segments**

##### **Air Transportation**

Segment revenues decreased 5.5% compared with the previous fiscal year to ¥1,229.5 billion as a result of a decrease in revenues due to a substantial drop in demand in all air transportation businesses — domestic passenger services, international passenger services and cargo operations.

In domestic passenger services, the slowing economy began to affect operations in the first half as demand weakened slightly. However, the rapid deterioration of the economy from September 2008 caused demand to decrease significantly. The ANA Group moved quickly to respond to these changing conditions by terminating or scaling back flights on low-profit routes and accelerating measures to downgauge aircraft. Load factor was essentially unchanged year on year as a result. In addition, the ANA Group worked to stimulate demand and increase the number of passengers by setting fares based on passenger demand and competitive conditions as well as by adding flights during peak demand periods. However, the number of passengers decreased year on year. Unit price improved slightly because the ANA Group raised regular fares and *Premium Class* performed well.

As a result, the number of passengers on domestic routes decreased 6.2% and passenger unit prices increased 0.8% compared with the previous fiscal year. Operating revenues from domestic passenger services decreased 5.4%, or ¥40.1 billion, compared with the previous fiscal year.

Years ended March 31,	Yen (Millions)		
	2009	2008	2007
Air Transportation Expenses			
Fuel and fuel tax .....	¥ 303,439	¥ 266,127	¥ 236,128
Landing and navigation fees .....	101,171	106,014	104,281
Aircraft leasing .....	59,936	63,389	87,222
Depreciation and amortization .....	110,064	112,871	81,465
Aircraft maintenance – parts and contracts .....	63,397	61,824	64,272
Personnel .....	232,564	241,383	232,755
Sales commissions .....	92,709	95,307	91,645
Outsourcing .....	79,928	82,483	80,992
Other .....	181,526	194,294	190,301
	1,224,734	1,223,692	1,169,061
Travel Services Expenses .....	189,408	214,323	206,106
Hotel Operations Expenses .....	–	–	61,415
Other Businesses Expenses .....	144,858	193,776	191,281
Total Operating Expenses .....	1,559,000	1,631,791	1,627,863
Intercompany Eliminations .....	(174,008)	(228,353)	(230,395)
Consolidated Operating Expenses .....	¥1,384,992	¥1,403,438	¥1,397,468

Note: Operating expenses figures are before intercompany eliminations.

In international passenger services, the decrease in business demand due to the global recession gained momentum during the second half. Despite efforts to capture individual passenger demand with highly price-competitive new fares such as *Super Eco-Wari*, reduced demand on China routes due to concerns about food safety and the Sichuan earthquake were among the factors that caused demand for leisure flights to decrease. The ANA Group enhanced its network by initiating late-evening flights on the Haneda-Hong Kong route to enhance convenience and terminating or scaling back flights on low-profit routes to more closely match capacity and demand.

As a result, the number of passengers on international routes decreased 8.2% and passenger unit prices increased 1.7% compared with the previous fiscal year. Operating revenues from international passenger services decreased 6.6%, or ¥20.5 billion, compared with the previous fiscal year.

In cargo operations, the recession impacted domestic business, but cargo volume increased due to factors including the reclassification of *Yu-Pack* mail from “mail” to “cargo.” Furthermore, unit price increased as a result of revisions to domestic freight rates. Domestic cargo operating revenues therefore increased 8.3% compared with the previous fiscal year. In international cargo operations, the ANA Group expanded its network and strengthened sales and marketing programs, which supported steady growth in cargo volume in the first half. In the second half, however, cargo volume dropped substantially due to the global recession. Cargo volume for the full fiscal year was therefore essentially unchanged from the previous fiscal year. Moreover, unit price fell because the decline in demand increased competition to attract

customers, and operating revenues decreased 4.3% compared with the previous fiscal year.

In domestic mail services, both volume handled and operating revenues declined year on year, due to the previously mentioned change in classifying *Yu-Pack* mail. In international mail operations, ANA aggressively implemented measures to capture international mail service demand. Despite the economic slowdown, results were robust for mail from Japan to all destinations apart from Europe, and were also solid inbound to Japan from Europe and Asia. Volume and operating revenues therefore increased.

Operating expenses were essentially unchanged compared with the previous fiscal year at ¥1,224.7 billion. High crude oil prices during the first half caused fuel costs to increase ¥37.3 billion. The ANA Group implemented emergency measures including downgauging aircraft and terminating or scaling back some flights on low-profit routes to reduce capacity, cutting the compensation of company officers and reducing selling, general and administration (SG&A) and personnel expenses. Consequently, operating income decreased 93.9% compared with the previous fiscal year to ¥4.7 billion.

Operating expenses were as follows.

#### • Fuel and fuel tax expenses

Fuel and fuel tax expenses increased 14.0% compared with the previous fiscal year to ¥303.4 billion because of the continued rise of fuel prices through the first half. Fuel and fuel tax expenses rose to 24.8% of segment operating expenses from 21.7% 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. To curb consumption volume, the Company took fuel management measures to increase fuel efficiency including engine washing and optimal altitude operation.

- **Landing and navigation fees**

The number of flights decreased 1.4% on domestic routes, although they increased 1.2% on international routes, and 29.8% on cargo routes. Landing and navigation fees therefore decreased 4.6% compared with the previous fiscal year to ¥101.1 billion.

- **Aircraft leasing expenses**

Aircraft leasing expenses decreased 5.4% compared with the previous fiscal year to ¥59.9 billion, mainly because the ANA Group purchased aircraft upon the completion of their lease terms, and the number of leased aircraft decreased to 71 from 82 at the end of the previous fiscal year.

- **Depreciation and amortization expenses**

Depreciation and amortization expenses decreased 2.5% to ¥110.0 billion. The number of Company-owned aircraft increased by 5 to 139, but factors including an increase in purchases of aircraft upon completion of their lease terms reduced depreciation and amortization expenses.

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

Aircraft maintenance expenses increased 2.5% compared with the previous fiscal year to ¥63.3 billion. This increase was principally due to higher expenses for outsourced engine maintenance.

- **Personnel costs**

Personnel costs decreased 3.7% compared with the previous fiscal year to ¥232.5 billion. Ongoing efforts to enhance productivity reduced operating expenses, and performance-based bonuses decreased.

- **Sales commissions**

Sales commissions decreased 2.7% compared with the previous fiscal year to ¥92.7 billion due mainly to the decrease in revenues.

- **Outsourcing expenses**

Outsourcing expenses decreased 3.1% compared with the previous fiscal year to ¥79.9 billion mainly because the ANA Group moved to reduce operating costs by matching capacity with demand in domestic and international passenger operations.

- **Other expenses**

Other expenses decreased 6.6% compared with the previous fiscal year to ¥181.5 billion, due primarily to the implementation of emergency cost reductions.

## Non-Operating Income (Expenses)

Years ended March 31,

	Yen (Millions)		
	2009	2008	2007
Interest and dividend income .....	¥ 2,868	¥ 4,610	¥ 5,353
Interest expenses .....	(14,832)	(15,049)	(17,708)
Foreign exchange gain (loss) .....	1,126	(1,653)	746
Gain on sale of property and equipment .....	15,020	5,184	1,073
Loss on sale or disposal of property and equipment .....	(8,213)	(8,974)	(8,402)
Impairment loss .....	–	(14,111)	(10,809)
Equity in income of affiliates .....	271	385	284
Gain on sale of investments in securities .....	324	876	1,239
Loss on sale of investments in securities .....	–	(14)	(315)
Valuation loss on investments in securities .....	(3,893)	(3,825)	(215)
Amortization of net transitional retirement benefit obligation .....	(6,534)	(6,634)	(6,713)
Special retirement benefit expenses .....	(660)	(1,217)	(600)
Gain on sale of hotel business assets .....	–	132,992	–
Income from compensation .....	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 .....	–	(16,198)	–
Expense related to antitrust proceedings .....	(2,105)	–	–
Other, net .....	1,047	(8,185)	(5,059)
Total .....	¥(12,034)	¥ 30,835	¥(41,126)



### Travel Services

Segment revenues decreased 12.4% compared with the previous fiscal year to ¥188.7 billion because of higher fares due to fuel surcharges, a drop in passengers to China due to concerns about food safety and the Sichuan earthquake, and the closure of Bangkok Suvarnabhumi International Airport, in addition to the negative effect of the recession on passenger demand. Operating expenses decreased 11.6% compared with the previous fiscal year to ¥189.4 billion, due to factors including intensifying price competition as revenues decreased and higher purchasing costs. Consequently, operating loss was ¥0.6 billion, compared to operating income of ¥1.0 billion for the previous fiscal year.

### Other Businesses

Segment revenues decreased 25.5% compared with the previous fiscal year to ¥148.2 billion. Weak demand reduced overall revenues, and revenues fell sharply in the semiconductor and retail store sectors of the trading and retailing operations of All Nippon Airways Trading Co., Ltd. On the other hand, operating expenses decreased 25.2% compared with the previous fiscal year to ¥144.8 billion. Operating income therefore decreased 35.6% compared with the previous fiscal year to ¥3.3 billion.

Formerly, the other businesses segment included the logistics business associated with air cargo services. Beginning with the fiscal year ended March 2009, however, it is included in the air transportation segment because of the increasing significance of the air cargo business, and because of the close relationship between logistics and the air cargo business.

### Non-Operating Income (Expenses)

Net non-operating expenses totaled ¥12.0 billion, compared with net non-operating income of ¥30.8 billion for the previous fiscal year. The net negative change of ¥42.8 billion reflected the absence of the non-recurring gain on sale of hotel business assets in the previous fiscal year of ¥132.9 billion. During the fiscal year ended March 2009, the sale of aircraft and engines resulted in gain on sale of property and equipment totaling ¥15.0 billion. However, an increase in interest-bearing debt caused net interest expenses to increase by ¥1.4 billion. Valuation loss on investments in securities totaled ¥3.8 billion.

### Net Income

As a result of the above, loss before income taxes and minority interests was ¥4.4 billion, compared with income before income taxes of ¥115.2 billion for the previous fiscal year. Income taxes decreased to ¥57 million from ¥50.1 billion for the previous fiscal year due to the loss before income taxes. Net loss was ¥4.2 billion, compared with net income of ¥64.1 billion for the previous fiscal year. Net loss per share was ¥2.19, compared with net income per share of ¥32.93 for the previous fiscal year.

## Cash Flows

### Fundamental Approach to Sources of Funds

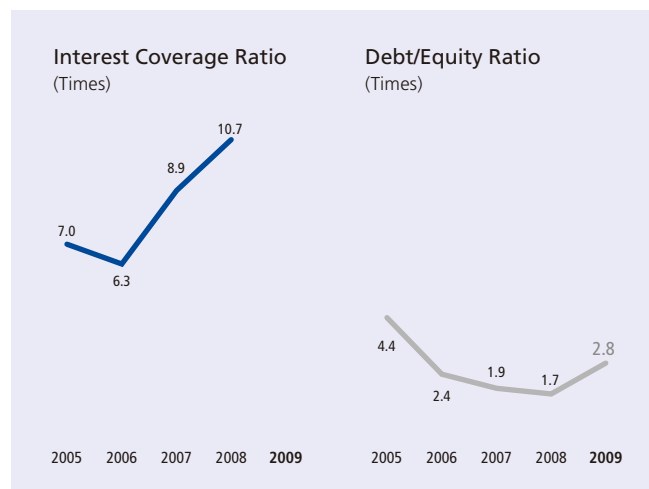
The ANA Group's fundamental approach to sources of funds is to keep capital expenditures within the limits of operating cash flows including repayment of lease obligations, and to expand capital while controlling interest-bearing debt by managing free cash flow. The ANA Group's objective is to strengthen 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 with 15 leading domestic financial institutions to improve its balance sheet and financing expenses. The unused portion of the commitment lines as of March 31, 2009 was ¥104.2 billion.

The ANA Group's capital expenditures center 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 2009

The sum of net cash used in operating activities and net cash used in investing activities was a deficit of ¥150.9 billion, while net cash provided by financing activities totaled ¥114.5 billion. As a result, cash and cash equivalents decreased ¥36.5 billion from a year earlier to ¥143.4 billion.



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

### Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥39.7 billion. The substantial year on year decrease in operating income resulted in a loss before income taxes of ¥4.4 billion, and income taxes paid after adjustment for estimated tax payments increased ¥114.3 billion compared with the previous fiscal year to ¥120.1 billion.

### Cash Flows from Investing Activities

Net cash used in investing activities increased ¥41.3 billion compared with the previous fiscal year to ¥111.1 billion. The largest use of cash was payment for purchase of property and equipment totaling ¥145.7 billion resulting from purchases of aircraft and other assets such as spare parts and advance payments for planned purchases of aircraft. On the other hand, proceeds from sale of property and equipment provided cash totaling ¥42.5 billion. In addition, in the previous fiscal year proceeds from sale of hotel business assets provided cash totaling ¥245.9 billion.

### Free Cash Flow

As discussed above, an increase in income taxes paid resulted in net cash used in operating activities. Consequently, the sum of net cash used in operating activities and net cash used in investing activities was a deficit of ¥150.9 billion, a difference of ¥246.8 billion compared with free cash flow of ¥95.9 billion for the previous fiscal year.

### Cash Flows from Financing Activities

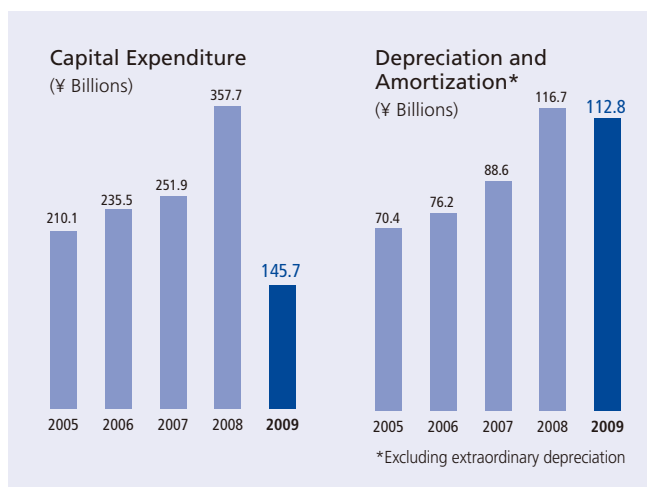
Net cash provided by financing activities totaled ¥114.5 billion. In the previous fiscal year, financing activities used net cash totaling ¥87.3 billion. The ANA Group repaid long-term debt and leases and redeemed bonds. On the other hand, proceeds from long-term debt totaled ¥205.7 billion and proceeds from issuance of bonds totaled ¥19.9 billion. Returns to shareholders consisted of expenditures of ¥9.7 billion for payment for dividends, an increase of ¥3.8 billion compared with previous fiscal year, and ¥5.5 billion for payment for acquisition of treasury stock, compared with ¥0.1 billion in the previous fiscal year.

## Capital Expenditure and Aircraft Procurement

### Capital Expenditure

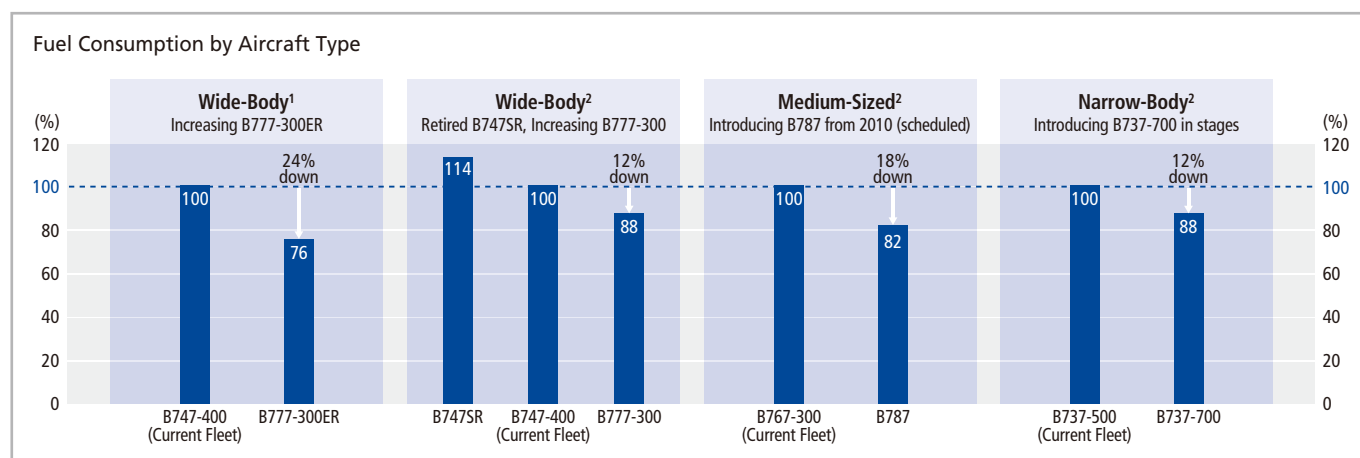
The ANA Group's capital expenditure mainly comprises the acquisition of aircraft, aircraft engines and aircraft parts, and investments related to information systems. Capital expenditure in the fiscal year ended March 2009 decreased 59.3% compared with the previous fiscal year to ¥145.7 billion, mainly because the trend toward rapidly deteriorating demand led the ANA Group to restrain capital expenditures for purposes other than the introduction of fuel-efficient aircraft and other strategic investments.

By segment, compared with the previous fiscal year capital expenditure decreased 59.8% to ¥143.3 billion in the air transportation segment, decreased 90.8% to ¥0.2 billion in the travel services segment, and increased 10.2% to ¥3.7 billion in the other businesses segment.



### 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



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.

route configuration and programs to optimize fleet composition are among the most important issues for airline management.

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

Under the ANA Group Mid-Term Corporate Strategy (April 2008 to March 2012), the ANA Group plans to accelerate the renewal of its fleet with more economical aircraft now that the timing of the expansion of the airports in the Tokyo area is known. However, given the sharp decrease in demand from the second half of the fiscal year ended March 2009, the ANA Group is revising the scope of its businesses and has modified a portion of its aircraft procurement plan. Nevertheless, the introduction of fuel-efficient aircraft including the Boeing 787 remains a priority. The ANA Group plans to have fuel-efficient aircraft account for approximately half of its entire fleet by the end of March 2012.

The expansion of the airports in the Tokyo area will present a major business opportunity to increase competitiveness. The ANA Group's investment strategy to restart growth involves the planned introduction of 16 aircraft in the fiscal year ending March 2010. This will include two core Boeing 777-300ER aircraft, one Boeing 767-300ER aircraft, and six Boeing 737-800 aircraft. In addition, the ANA Group plans to convert three Boeing 767-300ER aircraft that it owns into cargo freighters and introduce one Bombardier DHC8-400 aircraft and three Boeing 787 aircraft. On the other hand, the ANA Group plans to improve its cost structure by retiring a total of seven aircraft, including the Boeing 747-400 and Airbus A320-200, and aggressively introducing fuel-efficient models.

### Aircraft Procured in the Fiscal Year Ended March 2009

In line with the above Fleet Strategy, the ANA Group reduced its operating fleet by five aircraft from a year earlier to 210 aircraft as of March 31, 2009.

#### Newly introduced aircraft

During the fiscal year ended March 2009, 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 Boeing 737-700.

#### Retired aircraft

The ANA Group retired twelve aircraft, consisting of four Boeing 747-400s, two Airbus A320-200s, three Boeing 737-500s, and three Fokker F-50s. As a result, ANA has retired all of its Fokker F-50s.

#### Aircraft purchased after lease

Among the aircraft that it uses, the ANA Group purchased nine aircraft upon the completion of their lease term, consisting of one Boeing 747-400, four Boeing 777-300s, three Boeing 777-200s, and one Bombardier DHC-8-400.

#### Leased aircraft after sale

Three Boeing 747-400s were leased after sale.

#### ANA Group Operating Fleet

As of March 31, 2009	Total	Owned	Leased
Boeing 747-400	15 (-4)	12 (-6)	3 (+2)
Boeing 777-300	20 (+1)	17 (+5)	3 (-4)
Boeing 777-200	23	18 (+3)	5 (-3)
Boeing 767-300	54 (-1)	43 (-1)	11
Boeing 767-300F (Cargo freighter)	6 (+2)	2 (+2)	4
Boeing 737-800	4 (+4)	4 (+4)	0
Boeing 737-700	18 (+1)	14 (+1)	4
Boeing 737-500	21 (-3)	12 (-3)	9
Airbus A320-200	30 (-2)	15 (-1)	15 (-1)
Bombardier DHC-8-400	14	1 (+1)	13 (-1)
Bombardier DHC-8-300	5	1	4
Fokker F-50	0 (-3)	0	0 (-3)
Total	210 (-5)	139 (+5)	71(-10)

Notes: 1. Figures in parentheses show changes from the previous fiscal year-end.  
2. From the fiscal year ended March 2009, only the number of aircraft in the ANA Group Operating Fleet is presented. (Change from the previous fiscal year-end is calculated on the same basis.)  
3. The above table does not include 5 aircraft leased outside the ANA Group.

## Financial Position

### Assets

As of March 31, 2009, total assets decreased ¥22.3 billion from a year earlier to ¥1,761.0 billion.

Current assets decreased ¥26.8 billion from a year earlier to ¥446.6 billion. Deferred income taxes increased ¥39.3 billion from a year earlier because of fuel and foreign currency hedge transactions, while marketable securities decreased ¥44.7 billion.

Total non-current assets increased ¥4.4 billion from a year earlier to ¥1,314.2 billion. The ANA Group acquired 16 new aircraft through purchase and lease. However, flight equipment increased ¥24.6 billion and leased assets decreased ¥15.0 billion from a year earlier because of efforts to restrain capital expenditure. Moreover, deferred income taxes - non-current increased ¥36.7 billion from a year earlier, while the total of construction in progress and advance payments on aircraft purchase contracts decreased ¥35.4 billion.

### Liabilities

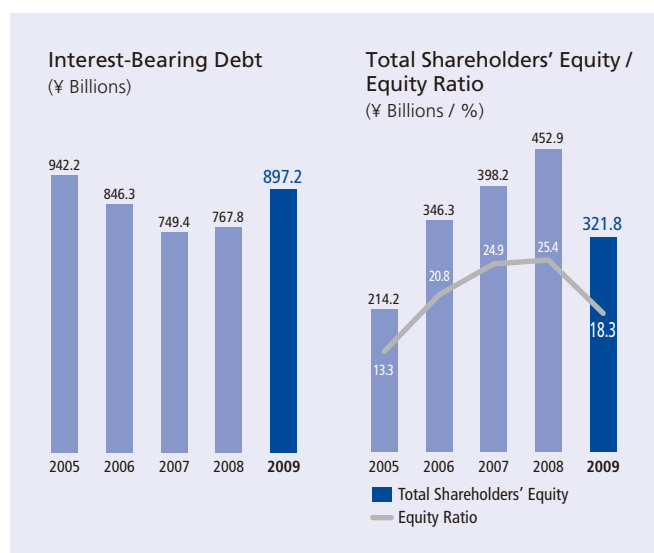
Total liabilities as of March 31, 2009 increased ¥107.8 billion from a year earlier to ¥1,435.2 billion.

Current liabilities decreased ¥43.8 billion from a year earlier to ¥503.1 billion. Short-term loans, including current portion of long-term debt, and finance lease obligation increased, reflecting an increase in short-term loans and pending loan repayments and a decrease in pending bond redemptions. Short-term loans, includ-

As of March 31,	Yen (Millions)		
	2009	2008	2007
Short-term loans:			
Short-term bank loans .....	¥ 46,571	¥ 2,580	¥ 3,500
Current portion of long-term loans .....	81,111	68,022	110,224
Current portion of bonds and notes .....	30,000	50,000	45,000
Current portion of lease obligation .....	11,780	15,797	—
	169,462	136,399	158,724
Long-term debt (excluding current portion):			
Loans, principally from banks .....	546,975	429,578	425,722
Notes and bonds .....	135,000	145,000	165,000
Lease obligation .....	45,799	56,899	—
	727,774	631,477	590,722
Total interest-bearing debt .....	¥897,236	¥767,876	¥749,446

ing the current portion of long-term debt but excluding lease obligation, increased ¥37.0 billion from a year earlier to ¥157.6 billion. However, accrued income taxes decreased ¥79.9 billion from a year earlier as a result of the loss before income taxes and minority interests.

Long-term liabilities increased ¥151.6 billion from a year earlier to ¥932.1 billion. Long-term debt, excluding finance lease obligation, increased ¥117.3 billion from a year earlier. Interest-bearing debt increased ¥129.3 billion from a year earlier to ¥897.2 billion. The ANA Group enhanced liquidity with bank loans and bond issues. The debt/equity ratio was 2.8 times, compared with 1.7 times a year earlier.



## Net Assets

As of March 31, 2009, net assets decreased ¥130.1 billion from a year earlier to ¥325.7 billion. The sharp appreciation of the yen the sudden drop in the price of crude oil caused the fair value of hedge transactions to decrease. As a result, deferred loss on hedging instruments reduced net assets by ¥82.5 billion, compared to a deferred gain of ¥22.2 billion a year earlier. Retained earnings decreased ¥13.9 billion from a year earlier because of payment of dividends of ¥5 per share and the net loss for the fiscal year. Shareholders' equity decreased ¥131.0 billion from a year earlier to ¥321.8 billion.

Net assets per share decreased to ¥66.08 from ¥232.58 at the end of the previous fiscal year to ¥166.50. The equity ratio decreased to 18.3% from 25.4% 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, 2009 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



As of / Years ended March 31,	Yen (Millions)		
	2009	2008	2007
Retirement benefit obligation.....	¥(269,719)	¥(265,910)	¥(278,278)
Plan assets at fair value.....	82,956	97,538	118,190
Unfunded retirement benefit obligation.....	(186,763)	(168,372)	(160,088)
Net amount unrecognized .....	70,049	56,826	48,510
	(116,714)	(111,546)	(111,578)
Prepaid pension cost .....	203	707	1,028
Accrued employees' retirement benefits .....	¥(116,917)	¥(112,253)	¥(112,606)
Net periodic pension and severance cost.....	¥ (20,984)	¥ (19,580)	¥ (19,634)
Discount rate .....	2.5%	2.5%	2.5%

## 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 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 for hedging the unit price of fuel is to hedge 100% of the volume 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 2009, the Group had a hedge ratio of approximately 85% for the fiscal year ending March 2010, approximately 60% for the fiscal year ending March 2011, approximately 35% for the fiscal year ending March 2012, and approximately 5% for the fiscal year ending March 2013.

For fuel-related foreign exchange rates, the ANA Group's policy is to hedge 80% of annual U.S. dollar payments. Beginning five years prior to the applicable fiscal year, the Group hedges 10% of the total estimated amount of U.S. dollar payments for that year annually, and executes hedges for the remaining amount in the final year. As of April 2009, the Group had a hedge ratio of approximately 60% for the fiscal year ending March 2010, approximately 40% for the fiscal year ending March 2011, approximately 30% for the fiscal year ending March 2012, and approximately 20% for the fiscal year ending March 2013.

Fuel price sensitivity for the fiscal year ending March 2010 without hedging is as follows:

Sensitivity to oil prices: approximately ¥2.0 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 balances increased shareholder returns with efforts to enhance internal capital reserves in order to support capital investment to strengthen future competitiveness. ANA will determine future dividends based on comprehensive consideration of the management environment and performance trends.

### Dividends for the Fiscal Year Ended March 2009 and Plans for the Fiscal Year Ended March 2010

The ANA Group recorded a net loss for the fiscal year ended March 2009 despite implementing various measures to counter the extremely challenging operating environment. For the fiscal year ended March 2009, under its profit distribution policy of achieving a balance between providing returns to shareholders, investing in future growth and building up internal capital reserves, the ANA Group reduced cash dividends by ¥4.00 per share to ¥1.00 so that it can capture the business opportunities presented by expansions of airports in the Tokyo area in 2010 and return to a growth vector. Because management has decided that it will be necessary to assess future earnings trends and other factors, scheduled dividends for the fiscal year ending March 2010 are undetermined at present.

# 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, 2009.

## Risks Related to a Stagnant Economy

An economic recession began during the fiscal year ended March 2009 that stemmed from a financial and capital market crisis on a global scale that has been said to occur only once in a century and was triggered by the subprime mortgage problem. This had a very substantial impact on the ANA Group's performance for the fiscal year.

Global economic recovery is expected to take time. A continued downturn in business demand or slowdown in distribution due to inventory adjustment could significantly affect the ANA Group's performance.

The ANA Group formulated its FY 2009 Emergency Plan in response to the continued deterioration of the economic environment. However, the risks outlined below, such as risks related to crude oil price fluctuations and risks related to new strains of influenza, could limit the effectiveness of the measures of these plans in improving profitability in the fiscal year ending March 2010. In addition, additional measures may be required if the earnings environment worsens more than expected.

## Risks Related to ANA's Management Strategy

### Risks Related to ANA's Fleet Strategy

In air transportation operations, the ANA Group is pursuing a Fleet Strategy centered on using medium- and small-sized aircraft, standardizing 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 111 aircraft as of March 31, 2009, 89 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. Further, delay in the delivery of Boeing 787 aircraft, which are scheduled to be introduced in the fiscal year ending March 2010, could create obstacles to the Group's medium-to-long-term operations.

#### Delay of Aircraft Development Plan

In accordance with its Fleet Strategy, the Company decided at the end of March 2008 to introduce the Mitsubishi Regional Jet (MRJ), yet to be developed by Mitsubishi Heavy Industries. Any delays in development or delivery, currently planned from 2013, could create obstacles to the ANA Group's medium-to-long-term operations.

### Risks Related to Flight Slots

Expansion of the airports in the Tokyo area, Haneda and Narita, will be completed in 2010. The ANA Group is therefore making the investments and preparing the organization required to benefit from the significant business opportunities this expansion will provide.

The Ministry of Land, Infrastructure, Transport and Tourism has not yet made any announcements regarding issues such as the specific allocation of the increased number of flight slots at the two airports.

However, 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.

### Risks Related to Cargo Business Strategy

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

## Risks Related to Crude Oil Price Fluctuations

The price of jet fuel comprises such expenses as the cost of importing, refining, and transporting crude oil and customs tariffs. Among those costs, the cost of importing crude oil accounts for approximately 80% of the price of jet fuel. Consequently, if the price of crude oil fluctuates, the price of jet fuel will fluctuate, which could affect the ANA Group's performance as outlined below.

### 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 price of crude oil hovered at record-high levels during the first half of the fiscal year ended March 2009. As a result, the ANA Group's fuel and fuel tax expenses in the fiscal year ended March 2009 increased ¥37.3 billion from the previous fiscal year to ¥303.4 billion, and represented 21.9% of operating expenses. Given the limitations of the ANA Group's current efforts to offset high crude oil prices through cost reductions 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.

### 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.

## Risk of New Strains of Influenza

The spread to Japan of H1N1 influenza, or "swine flu," or the outbreak and spread of a serious infectious disease such as the highly virulent H5N1 influenza, or "avian influenza," could dramatically decrease air passenger numbers on domestic and overseas flights. This could affect the ANA Group's performance.

## 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.

## 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.

## 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 IATA (International Air Transport Association). 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.

## Risks Related to Litigation

The ANA Group may become involved in various types of litigation related to its business activities, which could affect the Group's performance. Specifically, the Company could be sued in connection with the following events, or could be subject to similar investigations in other countries or regions:

### 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.

#### **Inspections by the European Commission**

The European Commission carried out unannounced inspections at the premises of a number of international airlines in March 2008 related to possible anticompetitive price-fixing and collusive behavior in traffic between the European Union and Japan. This infringement may cover facts from the second half of the 1990s to the date of the inspections. As one of the two major Japanese international airlines, we are cooperating fully with the Commission in its investigation.

#### **Notice from 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. In the fiscal year ended March 2008 the Company set aside ¥16.1 billion as an extraordinary loss as a provision against estimated future losses related to this matter.

#### **Risks Relating to Public-Sector Fees**

Public-sector fees include landing and navigation fees. In the fiscal year ended March 2009, landing and navigation fees for the ANA Group totaled ¥101.1 billion. While the government is currently implementing measures to reduce landing fees, such measures could be later scaled back.

#### **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.

#### **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.

#### **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.

#### **Risks Relating to Flight Operations**

##### **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.

#### **Technical circular directives**

If an issue arises that significantly compromises the safety of an aircraft, the Minister of Land, Infrastructure, Transport and Tourism 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.

#### **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 18.50 million members (as of March 31, 2009) 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.

#### **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. Even outside Tokyo, the extended closure of an airport due to an earthquake, a typhoon, or heavy snow 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.

#### **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.

#### **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. The failure of one of those systems or the failure 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 in Japan.

#### **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.

#### **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, 2009 and 2008

ASSETS	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2009	2008	2009
<b>Current assets:</b>			
Cash .....	¥ 59,668	¥ 51,410	\$ 607,431
Marketable securities (Note 4) .....	84,483	129,279	860,052
Accounts receivable, less allowance for doubtful accounts (¥471 million in 2009 and ¥83 million in 2008) .....	87,403	118,055	889,779
Accounts receivable from and advances to non-consolidated subsidiaries and affiliates .....	1,764	2,384	17,957
Inventories .....	57,119	52,893	581,482
Deferred income taxes – current (Note 8) .....	73,296	33,915	746,167
Prepaid expenses and other current assets .....	82,940	85,563	844,344
<b>Total current assets .....</b>	<b>446,673</b>	<b>473,499</b>	<b>4,547,215</b>
<b>Investments and long-term receivables:</b>			
Investments in securities (Note 4) .....	40,619	55,122	413,509
Investments in and advances to non-consolidated subsidiaries and affiliates (Note 5) .....	14,972	9,503	152,417
Lease and guaranty deposits .....	12,617	13,096	128,443
Housing loans to employees .....	559	455	5,690
Other long-term receivables .....	20,650	40,599	210,220
<b>Total investments and long-term receivables .....</b>	<b>89,417</b>	<b>118,775</b>	<b>910,281</b>
<b>Property and equipment (Notes 6 and 9):</b>			
Flight equipment .....	1,189,326	1,220,347	12,107,563
Ground property and equipment .....	450,817	436,670	4,589,402
	1,640,143	1,657,017	16,696,966
Less accumulated depreciation .....	(820,826)	(869,447)	(8,356,164)
	819,317	787,570	8,340,802
Leased assets .....	54,653	69,727	556,377
Advance payments on aircraft purchase contracts .....	184,065	223,499	1,873,816
Construction in progress .....	22,233	18,254	226,336
<b>Net property and equipment .....</b>	<b>1,080,268</b>	<b>1,099,050</b>	<b>10,997,332</b>
Deferred income taxes – non-current (Note 8) .....	81,589	44,848	830,591
<b>Other assets .....</b>	<b>63,118</b>	<b>47,221</b>	<b>642,553</b>
<b>Total assets .....</b>	<b>¥1,761,065</b>	<b>¥1,783,393</b>	<b>\$17,927,975</b>

See accompanying notes to consolidated financial statements.



LIABILITIES AND NET ASSETS	Yen (Millions)		U.S. dollars (Thousands) (Note 3)
	2009	2008	2009
<b>Current liabilities:</b>			
Short-term loans, including current portion of long-term debt, and finance lease obligations (Note 6) .....	¥ 169,462	¥ 136,399	\$ 1,725,155
Accounts and notes payable – trade .....	158,259	182,013	1,611,106
Accounts payable to non-consolidated subsidiaries and affiliates .....	772	798	7,859
Advance ticket sales .....	45,104	53,507	459,167
Accrued expenses .....	28,339	45,492	288,496
Accrued income taxes .....	1,349	81,324	13,733
Other current liabilities .....	99,835	47,417	1,016,339
<b>Total current liabilities</b> .....	<b>503,120</b>	<b>546,950</b>	<b>5,121,856</b>
<b>Long-term liabilities:</b>			
Long-term debt, less current portion, and finance lease obligations (Note 6) .....	727,774	631,477	7,408,877
Accrued employees' retirement benefits (Note 7) .....	116,917	112,253	1,190,237
Deferred income taxes – non-current (Note 8) .....	70	75	712
Other long-term liabilities .....	87,387	36,692	889,616
<b>Total long-term liabilities</b> .....	<b>932,148</b>	<b>780,497</b>	<b>9,489,443</b>
<b>Commitments and contingent liabilities (Note 11)</b>			
<b>Net assets (Notes 8 and 10):</b>			
<b>Shareholders' equity</b> .....	<b>403,157</b>	<b>422,657</b>	<b>4,104,214</b>
Common stock:			
Authorized – 3,900,000,000 shares			
Issued – 1,949,959,257 shares at March 31, 2009 and 2008 .....	160,001	160,001	1,628,840
Capital surplus .....	125,720	125,750	1,279,853
Retained earnings .....	123,830	137,829	1,260,612
Less treasury common stock, at cost (16,778,017 shares at March 31, 2009 and 2,343,856 shares at March 31, 2008) .....	(6,394)	(923)	(65,092)
<b>Valuation, translation adjustments and others</b> .....	<b>(81,274)</b>	<b>30,315</b>	<b>(827,384)</b>
Net unrealized holding gain on securities .....	1,391	7,858	14,160
Deferred gain (loss) on hedging instruments .....	(82,597)	22,269	(840,853)
Foreign currency translation adjustments .....	(68)	188	(692)
<b>Minority interests</b> .....	<b>3,914</b>	<b>2,974</b>	<b>39,845</b>
<b>Total net assets</b> .....	<b>325,797</b>	<b>455,946</b>	<b>3,316,675</b>
<b>Total liabilities and net assets</b> .....	<b>¥1,761,065</b>	<b>¥1,783,393</b>	<b>\$17,927,975</b>

# Consolidated Statements of Income

All Nippon Airways Co., Ltd. and its consolidated subsidiaries  
Years ended March 31, 2009, 2008 and 2007

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2009	2008	2007	2009
<b>Operating revenues:</b>				
Passenger .....	¥ 990,466	¥1,051,091	¥1,004,541	\$10,083,131
Cargo .....	102,166	102,758	92,769	1,040,069
Incidental and other .....	299,949	333,978	392,348	3,053,537
	1,392,581	1,487,827	1,489,658	14,176,738
<b>Operating expenses:</b>				
Aircraft and flight operations .....	433,316	394,422	385,554	4,411,238
Aircraft maintenance .....	114,796	112,528	109,892	1,168,645
In-flight services .....	69,696	70,601	66,175	709,518
Flight control and ground handling .....	268,020	282,125	269,594	2,728,494
Reservations, sales and advertising .....	204,762	232,696	230,327	2,084,515
General and administrative .....	42,575	42,743	39,831	433,421
Depreciation and amortization .....	112,881	116,787	88,610	1,149,149
Other costs .....	138,946	151,536	207,485	1,414,496
	1,384,992	1,403,438	1,397,468	14,099,480
<b>Operating income</b> .....	7,589	84,389	92,190	77,257
<b>Non-operating income (expenses):</b>				
Interest and dividend income .....	2,868	4,610	5,353	29,196
Gain on sale of property and equipment .....	15,020	5,184	1,073	152,906
Interest expenses .....	(14,832)	(15,049)	(17,708)	(150,992)
Loss on sale or disposal of property and equipment .....	(8,213)	(8,974)	(8,402)	(83,609)
Impairment loss (Note 15) .....	—	(14,111)	(10,809)	—
Valuation loss on investments in securities .....	(3,893)	(3,825)	(215)	(39,631)
Valuation loss on other investments .....	(25)	(9)	(11)	(254)
Equity in income of affiliates .....	271	385	284	2,758
Gain on sale of investments in securities .....	324	876	1,239	3,298
Amortization of net transitional retirement benefit obligation .....	(6,534)	(6,634)	(6,713)	(66,517)
Special retirement benefit expenses .....	(660)	(1,217)	(600)	(6,718)
Gain on insurance adjustment .....	2,869	—	—	29,206
Expenses related to antitrust proceedings .....	(2,105)	—	—	(21,429)
Refurbishment expense for return of lease aircraft .....	(303)	(4,086)	(6,533)	(3,084)
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)) .....	—	(16,198)	—	—
Other, net .....	3,179	(31,911)	1,916	32,362
	(12,034)	30,835	(41,126)	(122,508)
<b>(Loss) income before income taxes and minority interests..</b>	<b>(4,445)</b>	<b>115,224</b>	<b>51,064</b>	<b>(45,250)</b>
<b>Income taxes (Note 8):</b>				
Current .....	1,334	84,886	12,818	13,580
Deferred .....	(1,277)	(34,692)	4,552	(13,000)
	57	50,194	17,370	580
<b>(Loss) income before minority interests .....</b>	<b>(4,502)</b>	<b>65,030</b>	<b>33,694</b>	<b>(45,831)</b>
<b>Minority interests .....</b>	<b>(242)</b>	<b>887</b>	<b>1,036</b>	<b>(2,463)</b>
<b>Net (loss) income .....</b>	<b>¥ (4,260)</b>	<b>¥ 64,143</b>	<b>¥ 32,658</b>	<b>\$ (43,367)</b>
		Yen		U.S. dollars (Note 3)
<b>Net (loss) income per share (Note 2 (p)) .....</b>	<b>¥ (2.19)</b>	<b>¥ 32.93</b>	<b>¥ 16.77</b>	<b>\$ (0.02)</b>

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, 2007, 2008 and 2009

	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 on hedging instruments	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Minority interests in consolidated subsidiaries	Total net assets
<b>Balance at March 31, 2006</b> .....	¥160,001	¥125,605	¥ 52,697	¥(1,028)	¥337,275	¥ 9,410		¥ (376)	¥ 9,034	¥ 7,132	¥ 353,441
Cash dividends paid .....			(5,839)		(5,839)						(5,839)
Net income .....			32,658		32,658						32,658
Decrease resulting from purchase of treasury stock .....				(311)	(311)						(311)
Disposition of treasury stock .....		134		614	748						748
Changes in scope of consolidation and application of the equity method .....			14		14						14
Net changes of items other than shareholders' equity during the period .....						1,475	¥ 23,155	14	24,644	557	25,201
<b>Total changes during the period</b> .....	—	134	26,833	303	27,270	1,475	23,155	14	24,644	557	52,471
<b>Balance at March 31, 2007</b> .....	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)
<b>Total changes during the period</b> .....	—	11	58,299	(198)	58,112	(3,027)	(886)	550	(3,363)	(4,715)	50,034
<b>Balance at March 31, 2008</b> .....	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 income (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)
<b>Total changes during the period</b> .....	—	(30)	(13,999)	(5,471)	(19,500)	(6,467)	(104,866)	(256)	(111,589)	940	(130,149)
<b>Balance at March 31, 2009</b> .....	¥160,001	¥125,720	¥123,830	¥(6,394)	¥403,157	¥ 1,391	¥ (82,597)	¥ (68)	¥ (81,274)	¥ 3,914	¥ 325,797

	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 on hedging instruments	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Minority interests in consolidated subsidiaries	Total net assets
<b>Balance at March 31, 2008</b> .....	\$1,628,840	\$1,280,158	\$1,403,125	\$ (9,396)	\$4,302,728	\$ 79,995	\$ 226,702	\$ 1,913	\$ 308,612	\$30,275	\$ 4,641,616
Cash dividends paid .....			(99,144)		(99,144)						(99,144)
Net income (loss) .....			(43,367)		(43,367)						43,367
Decrease resulting from purchase of treasury stock .....				(62,312)	(62,312)						(62,312)
Disposition of treasury stock .....		(305)		6,617	6,311						6,311
Net changes of items other than shareholders' equity during the period .....						(65,835)	(1,067,555)	(2,606)	(1,135,997)	9,569	(1,126,427)
<b>Total changes during the period</b> .....	—	(305)	(142,512)	(55,695)	(198,513)	(65,835)	(1,067,555)	(2,606)	(1,135,997)	9,569	(1,324,941)
<b>Balance at March 31, 2009</b> .....	\$1,628,840	\$1,279,853	\$1,260,612	\$(65,092)	\$4,104,214	\$ 14,160	\$ (840,853)	\$ (692)	\$ (827,384)	\$39,845	\$ 3,316,675

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, 2009, 2008 and 2007

	Yen (Millions)			U.S. dollars (Thousands) (Note 3)
	2009	2008	2007	2009
<b>Cash flows from operating activities:</b>				
(Loss) income before income taxes and minority interests .....	¥ (4,445)	¥ 115,224	¥ 51,064	\$ (45,250)
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:				
Depreciation and amortization (including extraordinary depreciation)....	112,881	139,118	88,610	1,149,149
Impairment loss.....	—	14,111	10,809	—
Loss on adoption of new accounting standards for leases.....	—	3,823	—	—
(Income) loss on disposal and sale of property and equipment ..	(6,696)	15,128	7,533	(68,166)
Increase in allowance for doubtful accounts .....	164	24	273	1,669
Increase in accrued employees' retirement benefits .....	4,671	1,848	5,241	47,551
Interest expenses.....	14,832	15,049	17,708	150,992
Interest and dividend income .....	(2,868)	(4,610)	(5,353)	(29,196)
Exchange loss (gain) .....	675	810	(348)	6,871
Gain on sale of hotel business assets .....	—	(132,992)	—	—
Decrease (increase) in accounts receivable .....	29,024	997	(10,620)	295,469
Decrease (increase) in other current assets.....	7,022	(10,976)	(1,165)	71,485
(Decrease) increase in accounts and notes payable - trade.....	(34,342)	(11,909)	28,389	(349,608)
Other, net .....	(28,171)	37,827	(233)	(286,786)
Cash generated from operations .....	92,747	183,472	191,908	944,182
Interest and dividends received.....	2,887	4,797	5,390	29,390
Interest paid .....	(14,591)	(15,446)	(17,787)	(148,539)
Income taxes paid .....	(120,166)	(5,841)	(20,197)	(1,223,312)
Other, net .....	(660)	(1,217)	(600)	(6,718)
<b>Net cash (used in) provided by operating activities..</b>	<b>(39,783)</b>	<b>165,765</b>	<b>158,714</b>	<b>(404,998)</b>
<b>Cash flows from investing activities:</b>				
Payment for purchase of property and equipment .....	(116,386)	(337,212)	(236,750)	(1,184,831)
Proceeds from sale of property and equipment.....	42,588	45,206	104,900	433,553
Payment for purchase of intangible assets .....	(29,323)	(20,521)	(15,176)	(298,513)
Payment for purchase of marketable securities .....	—	(13,018)	(5,995)	—
Proceeds from redemption of marketable securities.....	—	13,018	21,410	—
Proceeds from sale of investments in securities .....	72	1,551	1,015	732
Payment for advances .....	(1,675)	(493)	(2,416)	(17,051)
Proceeds from collection of advances .....	1,446	2,124	5,606	14,720
Proceeds from sale of subsidiary's stock with changes in scope of consolidation.....	741	—	1,375	7,543
Proceeds from sale of hotel business assets .....	—	245,909	—	—
Other, net .....	(8,602)	(6,391)	(2,267)	(87,569)
<b>Net cash used in investing activities .....</b>	<b>(111,139)</b>	<b>(69,827)</b>	<b>(128,298)</b>	<b>(1,131,416)</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term loans, net .....	43,991	(920)	(5,190)	447,836
Proceeds from long-term debt.....	205,722	103,992	97,158	2,094,288
Repayment of long-term debt .....	(75,327)	(142,484)	(113,809)	(766,843)
Proceeds from issuance of bonds.....	19,900	29,847	—	202,585
Repayment of bonds .....	(50,000)	(45,000)	(75,000)	(509,009)
Repayment of finance lease obligations .....	(16,148)	(22,867)	—	(164,389)
Payment for dividends .....	(9,739)	(5,844)	(5,839)	(99,144)
Other, net .....	(3,895)	(4,060)	1,783	(39,651)
<b>Net cash provided by (used in) financing activities .....</b>	<b>114,504</b>	<b>(87,336)</b>	<b>(100,897)</b>	<b>1,165,672</b>
<b>Effect of exchange rate changes on cash and cash equivalents ...</b>	<b>(110)</b>	<b>(912)</b>	<b>(59)</b>	<b>(1,119)</b>
<b>Net (decrease) increase in cash and cash equivalents .....</b>	<b>(36,528)</b>	<b>7,690</b>	<b>(70,540)</b>	<b>(371,861)</b>
<b>Cash and cash equivalents at beginning of year .....</b>	<b>179,964</b>	<b>172,274</b>	<b>242,785</b>	<b>1,832,067</b>
<b>Net increase resulting from changes in scope of consolidation ..</b>	<b>—</b>	<b>—</b>	<b>29</b>	<b>—</b>
<b>Cash and cash equivalents at end of year (Note 14).....</b>	<b>¥ 143,436</b>	<b>¥ 179,964</b>	<b>¥ 172,274</b>	<b>\$ 1,460,205</b>

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 (76 subsidiaries for 2009, 81 subsidiaries for 2008 and 95 subsidiaries for 2007). All significant inter-company accounts and transactions have been eliminated in consolidation.

Investments in certain subsidiaries and significant affiliates (24 companies for 2009, 23 companies for 2008 and 25 companies for 2007) 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 (48 companies for 2009, 48 companies for 2008 and 52 companies for 2007) are stated at cost. The equity in undistributed earnings of these companies was not significant.

During 2009 and 2007, subsidiaries which were not consolidated in prior years were included in consolidation. The effect of changes in the scope of consolidation has been credited or charged to retained earnings (deficit) and the consolidated financial statements for prior years have not been restated.

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 fiscal year ended March 31, 2009.

### (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.

(Change in accounting policy)

Effective April 1, 2007, the Company and its domestic subsidiaries and affiliates have adopted "Accounting Standards for Measurement of Inventories" (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006) since it was allowed to apply this standard from fiscal year beginning on or after April 1, 2007.

**(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 fiscal year ended March 31, 2009 was immaterial.

(Change in accounting policy)

Effective April 1, 2007, the Company and its domestic subsidiaries and affiliates have changed their method of depreciation based on an amendment to the Corporation Tax Law of Japan for tangible fixed assets acquired on or after April 1, 2007.

(Supplementary information)

Effective April 1, 2007, the Company and its domestic subsidiaries and affiliates have changed their method of depreciation based on an amendment to the Corporation Tax Law of Japan for tangible fixed assets acquired on or prior to March 31, 2007. When such tangible fixed assets have been depreciated to the equivalent of 5% of their acquisition cost, the difference between the equivalent of 5% of acquisition cost and an appropriate nominal value is amortized over a period of five years.

(Supplementary information)

To expand useful lives of its aircraft, the Company traditionally made capital expenditure for maintenance of aircraft after they were in service. In response to changes in business environment including a sharp rise of fuel prices on a global basis, however, the Company intends to accelerate fleet renewal with more fuel-efficient aircraft. Now that the timing of runway extensions at airports in the Tokyo area has become clearer, the Company has formulated its new mid-term corporate strategy based on detailed aircraft renewal plan. Given this new strategy, the Company re-evaluated its method of depreciation for existing aircraft and reviewed useful lives and residual values of ancillary assets attached to these aircraft. In prior years, the Company depreciated ancillary assets using useful lives of aircraft to which such assets are attached. Effective April 1, 2007, the Company has depreciated ancillary assets based on remaining useful lives of aircraft to which such assets are attached, because it has become clearer that the value of ancillary assets are rarely reflected in sales price of aircraft in the second-hand market.

Consequently, depreciation and amortization expenses increased by ¥23,782 million, operating income decreased by ¥1,451 million and income before income taxes and minority interests decreased by ¥23,782 million, compared with the respective amounts that would have been reported under the previous accounting method.

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 15.

**(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 fiscal year ended March 31, 2006 are capitalized and amortized over a period of three years.

(Change in accounting policy)

Effective April 1, 2007, the Company has changed its method of amortization for bond issuance costs due to adoption of the "Tentative Guidelines for Accounting Treatment of Deferred Assets" (Practical Issues Task Force No. 19 issued by the Accounting Standards Board of Japan on August 11, 2006).

**(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.

**(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, 2009, 2008 and 2007 are as follows:

	2009	2008	2007
Discount rate.....	2.5%	2.5%	2.5%
Expected return on plan assets.....	1.0%~5.5%	0.85%~5.5%	0.85%~5.5%

#### (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.

(Change in accounting policy)

The Company and its domestic subsidiaries and affiliates have adopted "Accounting Standards for Lease Transactions" (Financial Accounting Standard No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the Accounting Standards Board of Japan on March 30, 2007) and "Implementation Guidelines for Accounting Standards for Lease Transactions" (Financial Accounting Standard Implementation Guidelines No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the Accounting Standards Board of Japan on March 30, 2007) since it was allowed to apply these standards and guidelines from fiscal year beginning on or after April 1, 2007.

As a result, tangible fixed assets increased by ¥69,727 million, intangible assets increased by ¥315 million, current liabilities increased by ¥15,797 million and long-term liabilities increased by ¥56,899 million in the consolidated balance sheets as compared with the corresponding amounts that would have been reported under the previous methods. In the consolidated statements of operations, operating income increased by ¥2,440 million and income before income taxes and minority interests decreased by ¥3,022 million as compared with the corresponding amounts that would have been reported under the previous methods.

#### (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 14.

(s) **Reclassification**

Certain reclassifications have been made to the 2007 and 2008 financial information in the accompanying financial statements to conform with the 2009 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 ¥98.23=US\$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2009. 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, 2009 and 2008 is summarized as follows:

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

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Gross unrealized gain:			
Cost .....	¥ 3	¥9,994	\$30
Market value.....	3	9,994	30
	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)
	2009	2008	2009
Gross unrealized gain:			
Cost .....	¥ 6,670	¥14,246	\$ 67,901
Market value.....	13,245	31,912	134,836
	6,575	17,666	66,934
Gross unrealized loss:			
Cost .....	14,531	6,982	147,928
Market value.....	9,298	4,774	94,655
	(5,233)	(2,208)	(53,272)
Net unrealized gain.....	¥ 1,342	¥15,458	\$ 13,661

Other securities sold in the years ended March 31, 2009, 2008 and 2007 are as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2009	2008	2007	2009
Proceeds.....	¥72	¥234	¥464	\$732
Gain on sale .....	30	44	323	305
Loss on sale .....	1	3	1	10

Breakdown of securities not having market value at March 31, 2009 and 2008 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Held-to-maturity bonds.....	¥ —	¥ —	\$ —
Other securities.....	102,556	137,721	1,044,039
	¥102,556	¥137,721	\$1,044,039

The redemption schedule of other securities and held-to-maturity debt securities as of March 31, 2009 and 2008 is summarized as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Bonds:			
Within 1 year .....	¥ 2	¥ 9,996	\$ 20
Over 1 year to 5 years .....	13	13	132
Others:			
Within 1 year .....	84,481	119,288	860,032
Total:			
Within 1 year .....	¥84,483	¥129,284	\$860,052
Over 1 year to 5 years .....	13	13	132

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

Investments in and advances to non-consolidated subsidiaries and affiliates at March 31, 2009 and 2008 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Investments in capital stock.....	¥14,129	¥9,457	\$143,835
Advances .....	843	46	8,581
	¥14,972	¥9,503	\$152,417

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

Short-term loans at March 31, 2009 and 2008 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Short-term bank loans .....	¥ 46,571	¥ 2,580	\$ 474,101
Current portion of long-term loans .....	81,111	68,022	825,725
Current portion of bonds and notes.....	30,000	50,000	305,405
Current portion of finance lease obligations.....	11,780	15,797	119,922
	<b>¥169,462</b>	<b>¥136,399</b>	<b>\$1,725,155</b>

The interest rates on the above short-term loans were between 0.47% and 1.48% per annum in 2009 and between 0.20% and 1.88% per annum in 2008.

Long-term debt at March 31, 2009 and 2008 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Bonds and notes:			
2.75% notes due 2009 .....	¥ 20,000	¥ 20,000	\$ 203,603
3.2% notes due 2017 .....	20,000	20,000	203,603
3% notes due 2011 .....	10,000	10,000	101,801
3% notes due 2010.....	10,000	10,000	101,801
1.33% notes due 2008.....	—	20,000	—
1.27% notes due 2009.....	—	10,000	—
1.7% notes due 2011 .....	10,000	10,000	101,801
2.27% notes due 2014.....	10,000	10,000	101,801
1.44% notes due 2011 .....	10,000	10,000	101,801
2.09% notes due 2014.....	10,000	10,000	101,801
1.97% notes due 2015.....	15,000	15,000	152,702
0.86% notes due 2008.....	—	20,000	—
1.24% notes due 2011 .....	30,000	30,000	305,405
1.84% notes due 2013.....	10,000	—	101,801
2.45% notes due 2018.....	10,000	—	101,801
	<b>165,000</b>	<b>195,000</b>	<b>1,679,731</b>
Loans, principally from banks:			
Secured, bearing interest from 0.85% to 2.75% in 2009 and 0.85% to 2.75% in 2008, maturing in installments through 2023 .....	<b>405,537</b>	<b>351,711</b>	<b>4,128,443</b>
Unsecured, bearing interest from 1.09% to 5.59% in 2009 and 0.95% to 5.59% in 2008, maturing in installments through 2018 .....	<b>222,549</b>	<b>145,889</b>	<b>2,265,590</b>
	<b>628,086</b>	<b>497,600</b>	<b>6,394,034</b>
Finance lease obligations			
Finance lease agreements expiring through 2016 .....	<b>57,579</b>	<b>72,696</b>	<b>586,165</b>
	<b>850,665</b>	<b>765,296</b>	<b>8,659,930</b>
Less current portion .....	<b>122,891</b>	<b>133,819</b>	<b>1,251,053</b>
	<b>¥727,774</b>	<b>¥631,477</b>	<b>\$7,408,877</b>

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, 2009:

	Yen (Millions)	U.S. dollars (Thousands)
Property and equipment, at net book value:		
Flight equipment.....	¥576,474	\$5,868,614
Ground property and equipment.....	43,857	446,472
	<u>¥620,331</u>	<u>\$6,315,087</u>

The aggregate annual maturities of long-term debt after March 31, 2009 are as follows:

Year ending March 31,	Yen (Millions)	U.S. dollars (Thousands)
2010 .....	¥122,891	\$1,251,053
2011 .....	133,319	1,357,212
2012 .....	112,252	1,142,746
2013 and thereafter.....	482,203	4,908,917
	<u>¥850,665</u>	<u>\$8,659,930</u>

## 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.

Two domestic consolidated subsidiaries 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 February 1, 2008 and on May 1, 2008.

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, 2009 and 2008 for the Company and consolidated subsidiaries' defined benefit plans:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Retirement benefit obligation .....	¥(269,719)	¥(265,910)	\$(2,745,790)
Plan assets at fair value .....	82,956	97,538	844,507
Unfunded retirement benefit obligation .....	(186,763)	(168,372)	(1,901,282)
Unrecognized net transitional retirement benefit obligation .....	39,187	45,721	398,931
Unrecognized actuarial loss .....	52,258	36,273	531,996
Unrecognized prior service cost.....	(21,396)	(25,168)	(217,815)
	<u>¥(116,714)</u>	<u>¥(111,546)</u>	<u>\$(1,188,170)</u>
Prepaid pension cost.....	203	707	2,066
Accrued employees' retirement benefits.....	<u>¥(116,917)</u>	<u>¥(112,253)</u>	<u>\$(1,190,237)</u>

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, 2009, 2008 and 2007 are as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2009	2008	2007	2009
Service cost .....	¥10,407	¥10,873	¥10,953	\$ 105,945
Interest cost.....	6,508	6,513	6,426	66,252
Expected return on plan assets.....	(4,022)	(4,563)	(4,369)	(40,944)
Amortization of net transitional retirement benefit obligation .....	6,534	6,634	6,713	66,517
Amortization of actuarial loss .....	5,411	3,968	3,650	55,085
Amortization of prior service cost.....	(3,854)	(3,845)	(3,739)	(39,234)
Net periodic pension and severance cost.....	¥20,984	¥19,580	¥19,634	\$213,621

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 ¥789 million (\$8,032 thousand) and ¥660 million (\$6,718

thousand), respectively, for the year ended March 31, 2009, and ¥660 million and ¥1,217 million for the year ended March 31, 2008, and ¥608 million and ¥600 million for the year ended March 31, 2007.

## 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 2009 and 2008.

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, 2009 and 2008 is as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Deferred tax assets:			
Loss on evaluation for hedging exchange .....	¥ 55,453	¥ 10,925	\$ 564,522
Accrued employees' retirement benefits .....	46,882	44,530	477,267
Tax loss carry-forward .....	37,145	—	378,143
Inter-company profits on inventories and property and equipment .....	13,159	11,131	133,961
Provision for loss on antitrust proceedings.....	6,505	6,505	66,222
Accrued bonuses to employees .....	5,065	9,880	51,562
Valuation loss on investments in securities .....	3,532	2,472	35,956
Accrued enterprise taxes .....	—	5,758	—
Impairment loss .....	—	—	—
Allowance for doubtful accounts .....	—	—	—
Other.....	10,401	11,605	105,884
Total gross deferred tax assets .....	178,142	102,806	1,813,519
Less valuation allowance .....	(13,255)	(12,157)	(134,938)
Total net deferred tax assets .....	164,887	90,649	1,678,580
Deferred tax liabilities:			
Special depreciation reserve .....	(4,038)	(3,873)	(41,107)
Unrealized holding gain on securities .....	(2,540)	(6,907)	(25,857)
Enterprise taxes receivable .....	(2,434)	—	(24,778)
Other.....	(1,060)	(1,183)	(10,791)
Total gross deferred tax liabilities .....	(10,072)	(11,963)	(102,534)
Net deferred tax assets.....	¥154,815	¥ 78,686	\$1,576,046



A reconciliation of the difference between the statutory tax rate and the effective income tax rate for the year ended March 31, 2009 is not disclosed because of the loss before income taxes and minority interests.

The reconciliation for the years ended March 31, 2008 and 2007 was as follows:

	2008	2007
Statutory tax rate .....	40.16%	40.16%
Reconciliation:		
Entertainment expenses not qualifying for deduction .....	0.85	2.01
Inhabitants tax per capita levy .....	0.17	0.45
Change in valuation allowance and related adjustments.....	2.67	(2.80)
Other .....	(0.29)	(5.80)
Effective income tax rate .....	43.56%	34.02%

## 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. Effective April 1, 2007, the Company and its domestic subsidiaries and affiliates have recorded leased assets and finance lease obligation due to adoption of new standards for lease transactions.

Tangible fixed lease assets include mainly aircraft, flight equipment and host computers. Intangible fixed lease assets include software. The depreciation method for leased assets is described in "2. Summary of significant accounting policies (m) Leased assets and amortization."

Estimated amount of depreciation and finance charges for the years ended March 31, 2007 are as follows:

	Yen (Millions)
	2007
Estimated amount of depreciation by the straight-line method over the lease period.....	¥26,737
Estimated interest cost.....	2,099

Annual lease expenses charged to income were ¥30,048 million for the years ended March 31, 2007.

### 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, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Current portion of operating lease obligations .....	¥ 33,818	¥ 33,275	\$ 344,273
Long-term operating lease obligations .....	161,077	173,860	1,639,794
	¥194,895	¥207,135	\$1,984,068

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, 2009 and 2008 are as follows:

	Yen (Millions)		U.S. dollars (Thousands)
	2009	2008	2009
Current portion of operating lease obligations .....	¥1,118	¥1,175	\$11,381
Long-term operating lease obligations .....	3,977	3,526	40,486
	¥5,095	¥4,701	\$51,868

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, 2009 consisted of the following:

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

Type of shares	Balance at beginning of year	Increase in shares during the year	Decrease in shares during the year	Number of shares (Thousands) Balance at end of year
Issued stock:				
Common stock .....	1,949,959	—	—	1,949,959
Total .....	1,949,959	—	—	1,949,959
Treasury stock:				
Common stock (*1, *2) .....	2,343	16,055	1,621	16,778
Total .....	2,343	16,055	1,621	16,778

(\*1) Treasury stock increased by 3,898 thousand shares due to the repurchase of shares less than one unit and 12,157 thousand shares due to the possession by the ESOP Trust.

(\*2) Treasury stock decreased by 1,621 thousand shares due to the sale of shares less than one unit.

### (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 23, 2008	Annual general meeting of shareholders	Common stock	¥9,739	\$99,144	¥5.00	\$0.05	March 31, 2008	June 24, 2008

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

Date of approval	Resolution approved by	Type of shares	Amount (Millions of Yen)	Amount (Thousands of U.S. dollars)	Paid from	Amount per share (Yen)	Amount per share (U.S. dollars)	Shareholders' cut-off date	Effective date
June 22, 2009	Annual general meeting of shareholders	Common stock(*1)	¥1,933	\$19,678	Retained earnings	¥1.00	\$0.01	March 31, 2009	June 23, 2009

(\*1) ¥12 million (\$122 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.

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, 2009, commitments outstanding for the acquisition or construction of property and equipment amounted to ¥834,002 million (\$8,490,298 thousand).

The Company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to affiliates, amounting to ¥146 million (\$1,486 thousand) at March 31, 2009.

At March 31, 2008, commitments outstanding for the acquisition

or construction of property and equipment amounted to ¥864,471 million.

The Company and consolidated subsidiaries were contingently liable as guarantor of bonds with debt assumption contracts and loans, principally to affiliates, amounting to ¥10,154 million at March 31, 2008.

## 12 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.

## 13 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, 2009, 2008 and 2007 is as follows:

Yen (Millions)						
As of and for the year ended March 31, 2009	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
As of and for the year ended March 31, 2009	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
U.S. dollars (Thousands)						
As of and for the year ended March 31, 2009	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues .....	\$11,411,432	\$1,742,003	\$1,023,302	\$14,176,738	\$ —	\$14,176,738
Intra-group sales and transfers.....	1,105,364	179,812	485,462	1,770,640	(1,770,640)	—
Total .....	12,516,797	1,921,816	1,508,765	15,947,378	(1,770,640)	14,176,738
Operating expenses .....	12,468,024	1,928,209	1,474,681	15,870,915	(1,771,434)	14,099,480
Operating income (loss) .....	\$ 48,773	\$ (6,393)	\$ 34,083	\$ 76,463	\$ 794	\$ 77,257
As of and for the year ended March 31, 2009	Air transportation	Travel services	Other businesses	Total	Intercompany eliminations	Consolidated
Identifiable assets .....	\$17,039,733	\$ 424,788	\$1,345,780	\$18,810,302	\$ (882,327)	\$17,927,975
Depreciation and amortization.....	1,120,472	4,448	24,228	1,149,149	—	1,149,149
Impairment loss.....	—	—	—	—	—	—
Capital expenditure .....	1,459,452	2,066	37,880	1,499,399	(16,054)	1,483,345



Yen (Millions)						
As of and for the year ended March 31, 2008	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

Yen (Millions)							
As of and for the year ended March 31, 2007	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues .....	¥1,134,250	¥186,872	¥ 58,022	¥110,514	¥1,489,658	¥ —	¥1,489,658
Intra-group sales and transfers.....	114,532	21,154	8,615	86,381	230,682	(230,682)	—
Total .....	1,248,782	208,026	66,637	196,895	1,720,340	(230,682)	1,489,658
Operating expenses .....	1,169,061	206,106	61,415	191,281	1,627,863	(230,395)	1,397,468
Operating income.....	¥ 79,721	¥ 1,920	¥ 5,222	¥ 5,614	¥ 92,477	¥ (287)	¥ 92,190
	Air transportation	Travel services	Hotel operations	Other businesses	Total	Intercompany eliminations	Consolidated
Identifiable assets .....	¥1,447,781	¥ 51,870	¥143,179	¥116,548	¥1,759,378	¥(157,287)	¥1,602,091
Depreciation and amortization.....	81,465	1,241	3,825	2,079	88,610	—	88,610
Impairment loss.....	10,704	—	—	105	10,809	—	10,809
Capital expenditure .....	242,572	2,432	2,899	4,357	252,260	(334)	251,926

## 14 Supplementary cash flow information

Reconciliation of the difference between cash stated in the consolidated balance sheets as of March 31, 2009, 2008 and 2007 and cash and cash equivalents for the purpose of the statements of cash flows is as follows:

	Yen (Millions)			U.S. dollars (Thousands)
	2009	2008	2007	2009
Cash.....	¥ 59,668	¥ 51,410	¥ 41,108	\$ 607,431
Time deposits with maturities of more than three months.....	(713)	(723)	(711)	(7,258)
Marketable securities.....	84,483	129,279	131,884	860,052
Marketable securities with maturities of more than three months.....	(2)	(2)	(7)	(20)
Cash and cash equivalents.....	¥143,436	¥179,964	¥172,274	\$1,460,205

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

## 15 Impairment loss

Due to assets expected to be sold, the book value of assets whose profitability dropped notably in the year ended March 31, 2008 and fell to the recoverable value, is accounted for as impairment loss of ¥14,111 million under extraordinary losses.

Due to slumping performance in business assets, falling prices of estate assets and assets expected to be sold, the net book values of assets whose profitability and market prices dropped notably were written down to the recoverable amount and impairment losses of ¥10,809 million in the year ended March 31, 2007.

As of and for the year ended March 31, 2008			Yen (Millions)
Application		Category	Impairment loss
Assets expected to be sold		Aircraft	¥14,111
		Total	¥14,111

As of and for the year ended March 31, 2007			Yen (Millions)
Application	Location	Category	Impairment loss
Business assets	1 in Hokkaido	Buildings	¥ 44
		Land	61
		Total	¥ 105
Assets expected to be sold		Aircraft	¥10,704
		Total	¥10,704

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 3.5% to 11.7%.

## 16 Subsequent event

On May 29, 2009, the Company entered into a ¥148,008 million long-term loan agreement with syndicate banks with terms

of five years in order to finance purchase of property and equipment.

# Report of Independent Auditors



## 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, 2009 and 2008, 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, 2009, 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, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009 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, 2009 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 17, 2009

# ANA Route System

(As of June 4, 2009)

## Domestic Network

### Passengers

Number of routes: 128

Number of flights: 912 per day

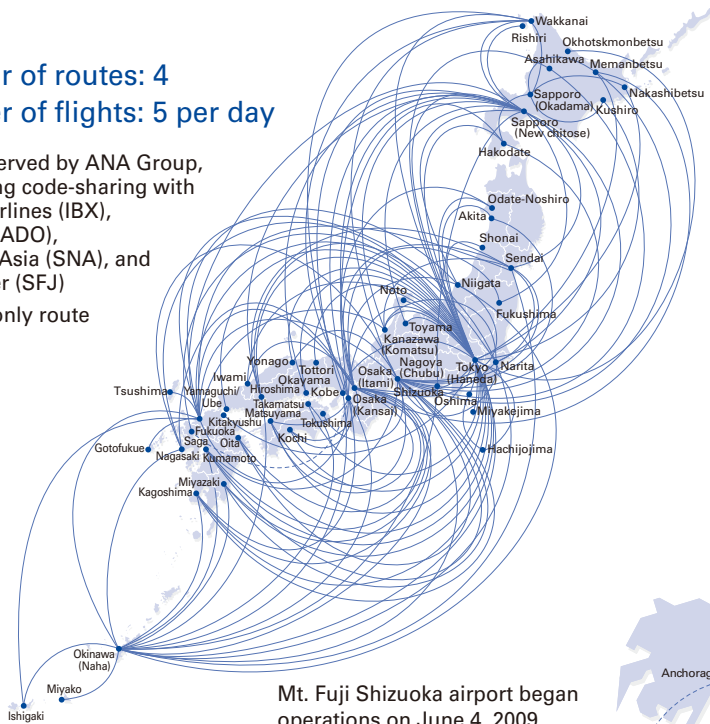
### Cargo

Number of routes: 4

Number of flights: 5 per day

- Cities served by ANA Group, including code-sharing with IBEX Airlines (IBX), Air Do (ADO), Skynet Asia (SNA), and Starflyer (SFJ)

---- Cargo-only route



## International Network

### Passengers

Number of routes: 34

Number of flights: 548 per week  
(ANA Group flights only, excluding charter flights to / from Haneda)

### Cargo

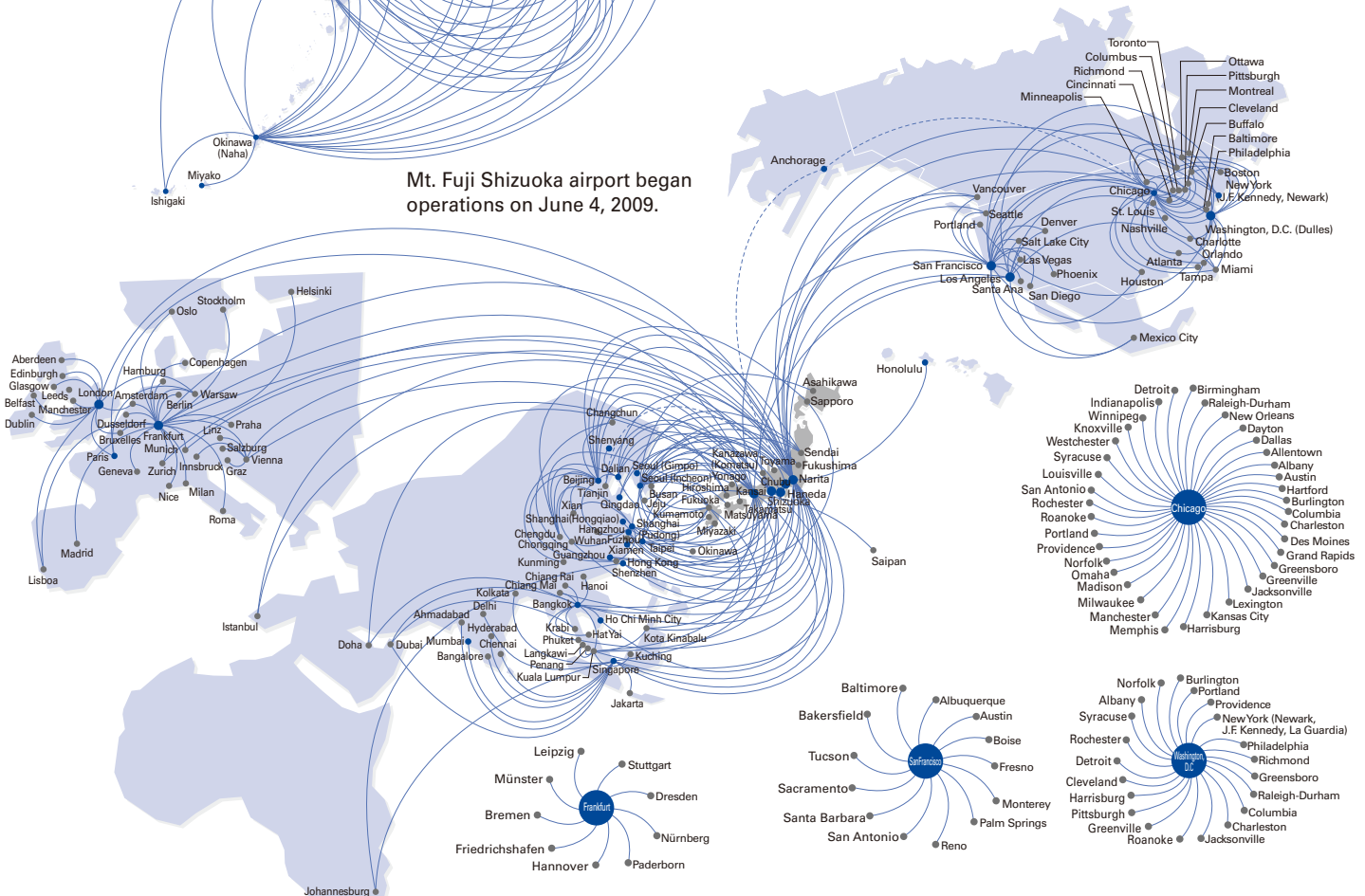
Number of routes: 16

Number of flights: 90 per week

- Cities served by ANA Group

- Cities served by code-sharing

---- Cargo-only routes





# Investor Information

(As of March 31, 2009)

## 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 38 offices in other cities

### United States

Los Angeles, New York, Washington, D.C., Chicago,  
San Francisco, Honolulu, Guam

### 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

33,045 (Consolidated)

## Paid-in Capital

¥160,001 million

## Fiscal Year-End

March 31

## Number of Shares of Common Stock

Authorized: 3,900,000,000 shares

Issued: 1,949,959,257 shares

## Number of Shareholders

289,917

## 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 4G)	99,593	5.11%
Nagoya Railroad Co., Ltd.	71,982	3.69
Japan Trustee Service Bank, Ltd. (trust account)	49,182	2.52
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,397	2.07
The Master Trust Bank of Japan, Ltd. (trust account)	36,636	1.88
Mitsui Sumitomo Insurance Co., Ltd.	34,770	1.78
All Nippon Airways Co., Ltd. Employee Stock Ownership Association	30,705	1.57
Nippon Life Insurance Company	30,681	1.57
Sumitomo Mitsui Banking Corporation	26,820	1.38
Mizuho Corporate Bank, Ltd.	26,753	1.37
Total	447,519	22.94%

## Contact:

### Investor Relations

All Nippon Airways Co., Ltd.

Shiodome City Center, 1-5-2 Higashi-Shimbashi,  
Minato-ku, Tokyo 105-7133, Japan  
TEL: 81-3-6735-1030 FAX: 81-3-6735-1185

## 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

Depository:

The Bank of New York Mellon

101 Barclay Street, 22 West, New York, NY 10286, U.S.A.

TEL: 1-201-680-6825

U.S. Toll Free: 1-888-269-2377 (888-BNY-ADRS)

URL: <http://www.adrbnymellon.com>

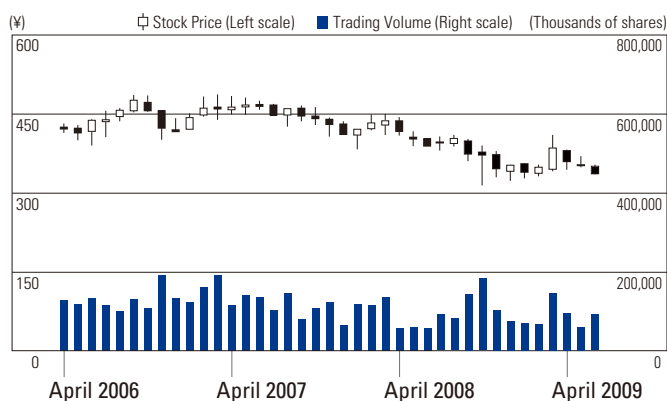
## Stock Price and Ratios (Consolidated)

	2009	2008	2007	2006	2005
Stock Price* (¥):					
High .....	446	486	489	509	403
Low .....	316	385	392	321	312
PER (times):					
High .....	—	14.8	29.2	32.5	23.3
Low .....	—	11.7	23.4	20.5	18.1
Price / Cash Flow Ratio (times):					
High .....	8.0	5.2	7.9	8.9	6.8
Low .....	5.7	4.2	6.3	5.6	5.3
PBR (times):					
High .....	2.7	2.1	2.4	2.9	3.1
Low .....	1.9	1.7	1.9	1.8	2.4
Net Income per Share (¥).....	(2.19)	32.93	16.77	15.64	17.26
Equity per Share (¥) .....	166.50	232.58	204.42	177.89	128.31
Cash Dividends per Share (¥).....	1.00	5.00	3.00	3.00	3.00

\* Tokyo Stock Exchange

## Stock Price

### Stock Price Range and Trading Volume



## Composition of Shareholders (by number of shares)

