ANA Announces Record Consolidated Financial Results:
Operating Revenue Up 5.8%
Operating Profit Up 160.6% to ¥82.2 Billion

TOKYO, May 25 – All Nippon Airways (ANA), today reported its consolidated financial results* for fiscal year 2000, which ended March 31, 2001.

Despite a challenging operating environment, the ANA Group announced record consolidated operating revenues of ¥1,279.6 billion (5.8%) and highest-ever operating profit of ¥82.2 billion (160.6%).

Consolidated recurring profit reached new heights at ¥63.5 billion (4,178.6%) due to higher profits at ANA and consolidated subsidiaries, with net profit for the term also a record ¥40.2 billion. However, All Nippon Airways Co. reported a net loss of ¥29.0 billion following extraordinary losses including loss on the sale of securities and appraisal loss on securities; income taxes; and deferred income taxes stemming from the application of the inter-period allocation method.

For the year, ANA Group airlines – All Nippon Airways Co., Air Nippon Co., Air Japan Co.** and Air Hokkaido Co.***- carried over 49.9 million passengers: 45.5 million on domestic routes, an increase of 0.2%, and 4.4 million on international routes, up 9.5%.

* ANA Group consists of 113 consolidated subsidiaries.
** Air Japan Co. only operates on international routes.
*** Air Hokkaido Co. only operates on domestic routes.

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OVERVIEW

In the year under review, the Japanese economy continued to show indications of an internally led recovery, centered on the corporate sector. At the end of the fiscal year, however, there were signs that cast doubt on the undertone of recovery, such as a reduction in exports caused by the slowdown in the U.S. economy. In addition, the unemployment rate reached record high levels and consumer spending remained sluggish.

On a consolidated basis, ANA's operating revenues rose 5.8%, to ¥1,279.6 billion, operating income increased 160.6%, to ¥82.2 billion, and recurring profit was ¥63.5 billion, up 4,178.6%. After extraordinary profits, such as gains on sales of fixed assets and securities; extraordinary losses, including loss on the sale of securities and appraisal loss on securities; income taxes; and deferred income taxes stemming from the application of the interperiod allocation method, ANA's net income for the term was ¥40.2 billion.

On a parent company basis, operating revenues were up 6.0% from the same period in the previous year, to ¥966.5 billion, operating income rose 222.4%, to ¥66.4 billion, and recurring income was ¥53.3 billion. Following an appraisal loss on the stock of related companies, net loss for the fiscal year was ¥29.0 billion.

OPERATING RESULTS BY BUSINESS SEGMENT

(Sales figures include inter-segment sales.)

Air Transportation

Japan’s airline industry enjoyed favorable tourism demand, with record numbers of passengers traveling to and from Japan, as well as a large-scale recovery in business demand. On domestic routes, tourism demand declined in the first half of the year due to the eruption of Mt. Usu and to the Okinawa summit meeting. With fares deregulated, however, competition among airlines resulted in the availability of a wide variety of special fares, which led to increased demand for personal travel. Overall, the number of passengers increased from the previous year.

The ANA Group enhanced its fleet during the term by purchasing one Boeing 747-400 and three Boeing 777-200s for international routes and two A321-100s, four Boeing 737-500s and one Boeing 737-400 for domestic routes.

ANA took a number of steps to improve its profit structure. On international routes these measures included inaugurating Osaka (Kansai)-Honolulu service, suspending flights from Kansai International Airport to Europe, and reducing operating costs by transferring the Kansai-Seoul route to the newest edition to the ANA Group, Air Japan Co., Ltd. At the same time, by expanding cooperative ties with partner airlines of Star Alliance, the world's largest airline alliance, the Company bolstered its competitiveness and increased passenger convenience. On domestic operations, ANA reevaluated its allocation of domestic routes to ANK and worked to increase cooperation in certain operational areas. In these ways, the Company strove to achieve an operating structure with better overall, groupwide balance and to further improve profitability.

Revenues from air transportation operations totaled ¥1,038.2 billion, an increase of 5.9%, and operating income expanded 181.6%, to ¥72.3 billion.

Domestic—Passenger Services

After take-off and landing capacity was expanded at Haneda Airport in July 2000, ANA responded flexibly and quickly to establish operations and flight frequencies that were appropriate for demand trends. Service increased on eight routes, including Tokyo-Matsuyama while other routes were transferred to ANK. In addition, in July, ANA and two other airlines inaugurated a jointly operated shuttle service between Tokyo and Osaka. To boost demand aggressively the Group increased flights and continued to enhance convenience for customers.

Deregulation that accompanied the revision of the law regulating the airline industry in Japan enabled ANA to develop and expand demand with unprecedented flexibility by introducing special fares. New special fares included *Chowari* (¥10,000 on all flights on all routes). We implemented a number of sales campaigns, including one that utilized ANA's Pokemon jet, and the operation of ANA's ANA Woody (Woodpecker) Jet received considerable attention. This aircraft has a special livery commemorating the opening of Universal Studios Japan, for which ANA is the official airline.

For members of our frequent flyer program ANA Mileage Club (AMC), a service was started enabling them to complete ticket reservation and payment over cellular phones, a first for the airline industry in Japan.

Due to the increase in demand for personal travel, the number of passengers on domestic routes totaled 45.51 million, an increase of 0.2%, and revenues rose 2.9%, to ¥672.5 billion.

Domestic—Cargo and Mail

The number of takeoffs and landings at Haneda Airport increased, and parcel shipments and IT-related cargo shipments continued to show favorable growth. As a result, cargo demand on domestic routes was firm throughout the year.

The eruption of Mt. Usu disrupted the rail shipping network, and it required about two months before service was restored. Air cargo was used as a substitute shipping route between Honshu and Hokkaido, leading to a significant increase in cargo shipments.

The volume of domestic cargo handled by ANA in the past fiscal year was 434 thousand tons, up 3.2% from the previous year, and cargo revenues totaled ¥28.2 billion, an increase of 2.0%. Domestic mail volume rose 4.6%, to 78 thousand tons, with revenues reaching ¥10.6 billion, up 2.2%.

International—Passenger Services

To increase profitability, we reorganized operations out of Kansai International Airport. Specifically, beginning with the summer schedule, we inaugurated service to Honolulu and suspended European operations, and from January, Air Japan, a subsidiary operating on international routes commenced service between Osaka (Kansai)-Seoul.

We also began a number of code share flights, including Tokyo-Bangkok service with Thai International Airways and Osaka (Kansai)-Seoul/domestic operations with Asiana Airlines. By further strengthening cooperative ties with Star Alliance partners, we expanded our global network and enhanced competitiveness. In February, late night/early morning international charter flights from Haneda were approved, and ANA subsequently operated charter flights to Honolulu and Guam.

Sales-related activities included offering the Star Alliance Round The World Fare and through code-share agreements with Star Alliance partners, resourced overseas sales channels that we had previously been unable to access. As a result, the number of foreign passengers increased significantly. We also implemented sales promotion activities, including a wide range of campaigns, such as a summer campaign targeting family travel and a new type of proposal-based travel product for trips to Europe.

The number of passengers on international routes in the year under review increased 9.5%, to 4.38 million, and operating revenues rose 14.8%, to ¥207.4 billion, primarily as a result of increased passenger yields against a background of rising demand for business travel.

International—Cargo and Mail

Favorable economic conditions in North America and Asia contributed to strong demand for cargo shipments, especially for IT-related semiconductors and electronic equipment. In the second half of the fiscal year, however, the U.S. economy decelerated, and demand for shipments to North America and Asia, which is a major production base for goods destined for the U.S., declined significantly from the previous term. Looking at inbound cargo, imports of IT-related products, such as personal computers and cellular phones, remained firm. Demand was also strong for shipments of textiles and fresh foods from China and Southeast Asia and, due to the depreciation of the Euro, for shipments of general consumables from Europe. ANA strove to improve services for its customers. In April we introduced PRIO, a priority service for international cargo, and we worked to further expand our services in response to new corporate strategies for cargo shipments.

International cargo volume in the year under review totaled 193 thousand tons, a decrease of 1.2%, and revenues were ¥40.4 billion, up 0.8%. International mail volume rose 5.1%, to 7,900 tons, with revenues reaching ¥2.1 billion, up 1.0%.

Incidental and Other Revenues

The ANA Group worked to expand revenues from the provision of ground support services, including the maintenance of other airlines' aircraft and check-in and baggage handling services, and from in-flight sales. Revenues in the year under review totaled ¥76.8 billion, an increase of 17.1%.

Travel Services

ANA continued striving to increase convenience for its customers. For example, the August 2000 establishment of *atour*, an Internet web site for domestic and international travel, enabled customers not only to make reservations and inquiries over the Internet but also to search for tours and to request brochures for the approximately 7,000 travel products offered by the ANA Group, such as ANA Sky Holidays and ANA Hallo Tours. With an emphasis on customer satisfaction, detailed sales activities closely linked to the needs of each region were also conducted. As a result, favorable results were recorded in both sales and number of customers.

In domestic travel operations, ANA Sky Holiday Tours Co., Ltd., was spun off from ANA Trading Co., Ltd., and began operations in April 2000. Although tourism demand declined temporarily due to the eruption of Mt. Usu and the Kyushu-Okinawa Summit 2000, the aggressive Destination Campaign, which targeted the creation of new demand, resulted in increased sales of package tours, namely to Hokkaido and Kyushu. Sales of personal travel products also increased.

Sales of ANA World Tours' "ANA Hallo Tours" were favorable, with sales of travel products from Narita Airport to Europe recording especially robust growth. Sales of tours to China were also strong, due primarily to the lasting popularity of the Three Gorges Cruise Charter products. ANA World Tours recorded record high sales during the year under review.

As a result, operating revenues from travel services rose 12.5%, to ¥152.8 billion, while operating income was down 55.6%, to ¥1.4 billion.

Hotel Businesses

Notable developments in ANA's hotel operations included the implementation of concrete measures for restructuring domestic hotel operations. Overseas, a golf course property held by ANA Hotels Hawaii, Inc, was sold in December 2000 and subsequently the company was liquidated in March 2001.

Domestically, ANA completed preparations for restructuring. Plans for hotel operations are based on the separation of ownership and operations. In December 2000, we established ANA Hotels Co., Ltd., which will focus on enhancing chain hotel functionality. In March 2001, we took three more key steps. First, we established ANA Hotel Management Co., Ltd., which will assist individual hotel companies by furnishing support services, providing human resources, and meeting the responsibilities of ownership. Second, we established ANA Hotel Tokyo Co., Ltd., which will focus solely on the operation of the ANA Hotel Tokyo. Third, we transferred and placed in trust the ANA Hotel Tokyo removing the assets from our balance sheet and reducing our interest-bearing debt and consolidated deficit.

In overseas markets, demand was firm, our management initiatives were aligned with market needs, and we continually implemented appropriate cost controls. As a result, record profits were recorded at ANA hotels in Vienna and Sydney, where each hotel turned in a performance placing it in the top regional rank.

For the fiscal year under review, operating revenues in the hotel segment were up 8.2%, to ¥83.6 billion, while operating income declined 0.2%, to ¥3.8 billion.

Other Businesses

ANA Trading Co., Ltd., recorded increased revenues for the year under review due to higher sales in both its aircraft parts division and pulp and paper division. Infini Travel Information Co., Ltd., provides a reservation and ticketing system for international flights. During the past year, Infini suffered a temporary decline in reservation-related system usage fees immediately after it changed its host computer, and as a result, the company registered a decline in revenues. ANA Information Systems Planning Co., Ltd., which develops, maintains, and operates information systems, posted record sales levels and operating profit. This performance was attributable to the receipt of orders from within the Group for large-scale system development, the expansion of the scope of the company's maintenance and operation activities, and increased sales to customers outside the ANA Group. ANA Real Estate Co., Ltd., which conducts the sale, rental, and management of real estate, performed renovation work on a number of leased office buildings and improved tenant services. As a result, office building occupancy was maintained at high levels. At the same time, the company performed strongly in the leasing of dormitories and company housing to ANA Group companies as well as in sublet housing for the general public. In February 2001, ANA Real Estate increased its operational efficiency by acquiring ARE Co., Ltd., a consolidated subsidiary in the same industry. Operating revenues in the other businesses segment totaled ¥191.1 billion, up 8.5% and operating income reached ¥6.3 billion.

CASH FLOWS

Due to a significant improvement in revenues, centered on air transportation, net cash provided by operating activities totaled ¥148.7 billion.

In accordance with the principle of "selection and concentration" outlined in its medium-term corporate plan, the Company invested in aircraft and aircraft parts and sold hotels and other assets. As a result, net cash used in investing activities was ¥17.9 billion. In addition to free cash flow of ¥130.8 billion, the Company used a portion of cash and cash equivalents to reduce interest-bearing debt (loans and debentures), which at year-end was down ¥176.6 billion from the end of the previous fiscal year.

As a result, net cash provided by financing activities was ¥158.3 billion, and the year-end balance of cash and cash equivalents was ¥207.7 billion, a decline of ¥29.7 billion from the previous year-end.

DIVIDEND PAYMENT POLICY

The Company places a high priority on providing a return to shareholders while working to secure a stable foundation for future growth.

In the year under review, the Company booked an extraordinary loss in order to recognize evaluation loss on stock of consolidated subsidiaries and thereby strengthen its financial position. As a result, the Company recorded a net loss on a non consolidated basis, and accordingly decided to continue the suspension of dividend payments.

FISCAL YEAR 2001 ENDING MARCH 2002 - FORECAST

There is cause for concern about a slowdown in the U.S. economy and a downturn in private-sector capital investment in the United States, where investment has been growing steadily. The short-term outlook for business conditions remains uncertain.

In the domestic airline industry, tourism demand on domestic routes is expected to expand, while growth in business demand is likely to be moderate due to uncertainty about future economic conditions. Since the revision to Japan’s civil aviation laws in February 2000, competition on domestic routes has continued to intensify. ANA’s operating environment does not lend itself to optimistic forecasts.

In this environment, we will be guided by our medium-term corporate plan, which covers the period through FY2002 ending March 2003. We will strive to achieve further improvement in basic quality, with top priority given to the maintenance of safe operations. At the same time, guided by the principles of “selection and concentration” efforts to raise profitability and improve financial condition, and well continue to be implemented to build a stronger corporate structure that will enable the stable payment of dividends.

In travel services, hotel operations, and other businesses, ANA will work to further improve profitability by increasing revenues through focused management efforts and continued cost cutting.

For the fiscal year ending March 31, 2002, ANA anticipates sales of ¥1,260 billion, a decline of ¥19.6 billion, recurring income of ¥39 billion, down ¥24.5 billion, and net income of ¥18 billion, a decrease of ¥22.2 billion.

(1) Consolidated Balance Sheets

Unit: ¥ million

Assets	Fiscal 1999 As of 3.31.00	Fiscal 2000 As of 3.31.01	Change from last year
Current assets	443,052	419,296	(23,756)
Cash and deposits	160,300	152,755	(7,545)
Trade accounts receivable	92,007	103,652	11,645
Marketable securities	83,934	56,564	(27,370)
Inventories	52,834	51,752	(1,082)
Deferred tax assets	7,008	8,791	1,783
Other current assets	49,263	46,412	(2,851)
Allowance for doubtful accounts	(2,294)	(630)	1,664
Fixed assets	1,073,668	1,030,045	(43,623)
[Tangible fixed assets]	[878,849]	[849,351]	[(29,498)]
Buildings and structures	234,354	211,632	(22,722)
Aircraft	389,955	441,796	51,841
Machinery, Equipment and vehicles	24,290	20,754	(3,536)
Tools and fixtures	30,492	26,716	(3,776)
Land	148,319	120,382	(27,937)
Construction in progress	51,439	28,071	(23,368)
[Intangible fixed assets]	[25,085]	[31,939]	[6,854]
Consolidation adjustment account	1,283	915	(368)
Other intangible fixed assets	23,802	31,024	7,222
[Investments and others]	[169,734]	[148,755]	[(20,979)]
Investment securities	69,591	63,660	(5,931)
Long-term loans receivables	23,878	24,098	220
Deferred tax assets	22,033	16,387	(5,646)
Other investments	55,221	48,688	(6,533)
Allowance for doubtful accounts	(989)	(4,078)	(3,089)
Deferred assets	1,587	2,079	492
Foreign currency translation adjustment	16,310	-	(16,310)
Total assets	1,534,617	1,451,420	(83,197)

Unit: ¥ million

Liabilities	Fiscal 1999 As of 3.31.00	Fiscal 2000 As of 3.31.01	Change from last year
Current liabilities	498,502	425,786	(72,716)
Trade accounts payable	110,078	137,026	26,948
Short-term loans	102,586	82,165	(20,421)
Current portion of long-term debt	103,032	63,354	(39,678)
Current portion of bonds payable	63,000	30,000	(33,000)
Bonus payment reserve	13,629	14,169	540
Other current liabilities	106,177	99,072	(7,105)
Long-term liabilities	935,726	868,784	(66,942)
Bonds payable	371,703	353,829	(17,874)
Long-term loans payable	472,019	406,382	(65,637)
Accrued employees' retirement benefits	66,611	77,668	11,057
Deferred tax liabilities	106	3	(103)
Other long-term liabilities	25,287	30,902	5,615
Total liabilities	1,434,228	1,294,570	(139,658)

Minority interest	2,933	6,350	3,417

Shareholders' equity			
Common stock	72,142	86,079	13,936
Capital surplus	90,135	104,072	13,936
Deficit on consolidation	64,379	24,004	(40,375)
Unrealized gains on securities	-	1,497	1,497
Foreign currency translation adjustment	-	(16,460)	(16,460)
Treasury stock	(442)	(684)	(242)
Total shareholders' equity	97,456	150,500	53,044
Total liabilities, minority interest and shareholders' equity	1,534,617	1,451,420	(83,197)

Note: Accumulated depreciation: Preceding term:861,137 million, Current term:861,808 million

(2) Consolidated Statements of Income (Loss)

Unit: ¥ million

	Fiscal 1999 As of 3.31.00	Fiscal 2000 As of 3.31.01	Change From last year
Recurring Profit			
Operating revenues and expenses			
Operating revenues	1,209,647	1,279,635	69,988
Operating expenses	926,088	934,376	8,288
Sales, General and administrative expenses	252,000	263,016	11,016
Operating income	31,559	82,243	50,684
Non-operating income and expenses			
Non-operating income	37,476	41,500	4,024
Interest income	7,809	8,199	390
Other	29,667	33,301	3,634
Non-operating expenses	67,550	60,206	(7,344)
Interest expenses	38,950	35,079	(3,871)
Other	28,600	25,127	(3,473)
Total Recurring Profit	1,485	63,537	62,052
Extraordinary Gains and Losses			
Extraordinary gains	5,620	19,202	13,582
Gains on sales of fixed assets	1,015	13,270	12,255
Gain on sale of investment securities	4,170	1,457	(2,713)
Other	435	4,475	4,040
Extraordinary losses	29,794	19,450	(10,344)
Valuation loss on investment securities	6,167	4,011	(2,156)
Valuation loss on other investment	-	4,749	4,749
Special retirement benefit	5,738	1,216	(4,522)
Loss on sale of fixed assets	3,175	2,541	(634)
Loss on removal of fixed assets	3,075	295	(2,780)
Other	11,639	6,638	(5,001)
Net income (loss) before taxes	(22,689)	63,289	85,978
Corporate, inhabitant and enterprise tax	5,951	17,888	11,937
Deferred taxes	(11,427)	1,263	12,690
Minority interest (loss)	(2,012)	3,852	5,864
Net income (loss)	(15,201)	40,286	55,487

(3) Consolidated Statements of Surplus

Unit: ¥ million

	Fiscal 1999 4.1.99 - 3.31.00	Fiscal 2000 4.1.00-3.31.01	Change From last year
Deficit on consolidation at the beginning of period	47,818	64,379	16,561
Deficit brought forward from preceding term	49,959	64,379	14,420
Past period deferred tax adjustment	2,141	-	(2,141)
Decrease in deficit on consolidation	4,685	1,254	(3,431)
Decrease resulting from excluded subsidiaries and affiliates	2,589	880	(1,709)
Decrease resulting from consolidated subsidiary's merger with unconsolidated Subsidiaries	-	216	216
Decrease resulting from changes in equity interest in subsidiaries and affiliates	1,009	95	(914)
Decrease resulting from newly consolidated subsidiaries and affiliates	1,087	63	(1,024)
Increase in deficit on consolidation	6,045	1,165	(4,880)
Increase resulting from newly consolidated subsidiaries and affiliates	3,041	-	(3,041)
Increase resulting from changes in equity interest in subsidiaries and affiliates	2,978	1,155	(1,823)
Dividend	16	-	(16)
Directors bonus	10	10	-
Net income (loss)	(15,201)	40,286	55,487
Deficit on consolidation carried forward	64,379	24,004	(40,375)

(4) Consolidated statement of Cash flows

Unit: ¥ million

	Fiscal 1999 As of 3.31.2000	Fiscal 2000 As of 3.31.2001
I. Cash flows from operating activities		
Net income (loss) before taxes	(22,689)	63,289
Depreciation	58,441	59,333
Gain and loss on sale of fixed assets, loss on removal fixed assets (Net)	10,673	(3,481)
Gain and loss on sale, and revaluation of marketable securities (Net)	2,918	9,138
Interest expenses	38,950	35,079
Interest and dividends income	(8,466)	(9,537)
Currency loss	9,254	(2,043)
Decrease (Increase) in trade accounts receivable	23,811	(10,838)
Decrease (Increase) in other receivable	7,930	3,114
Increase (Decrease) in trade accounts payable	(16,785)	26,015
Others	6,144	4,583
Sub-total	110,181	174,652
Interest and dividend received	8,466	9,537
Interest paid	(37,893)	(35,615)
Corporation and other taxes paid	(3,224)	(7,159)
Others	(281)	7,381
Net cash provided by (used in) operating activities	77,249	148,796
II. Cash flows from investing activities		
Payment for acquisition of tangible fixed assets	(101,120)	(89,254)
Proceeds from sale of tangible fixed assets	7,556	59,745
Payment for acquisition of intangible fixed assets	(10,149)	(3,058)
Proceeds from sale of investment securities	14,802	22,012
Payment for lending	(1,910)	(6,887)
Proceeds from collection of loans	6,294	3,797
Others	(680)	(4,319)
Net cash provided by (used in) investing activities	(85,207)	(17,964)
III. Cash flows from financing activities		
Increase (Decrease) in short-term loans	(13,104)	(19,780)
Repayment of financing lease liabilities	(1,025)	(4,252)
Proceeds from long-term loans	72,574	35,608
Repayment of long-term loans	(97,789)	(146,014)
Proceeds from issuance of bonds	105,000	39,321
Redemption of bonds	(20,000)	(63,000)
Cash dividend paid to minority shareholders	(16)	-
Others	-	(242)
Net cash provided by (used in) financing activities	45,640	(158,359)
IV. Effect of exchange rate changes on cash and Cash equivalents	(7,367)	(3,093)
Ⅴ.Net increase(decrease) in cash and cash equivalents	30,315	(30,620)
Ⅵ.Cash and cash equivalents at the beginning of the Period	184,612	237,440
Ⅶ.Effect of changes in scope of consolidation on cash and cash equivalents	22,513	897
Ⅷ.Cash and cash equivalents at the end of period	237,440	207,717

Note
Cash and cash equivalents at the end of the period and correlation with the amounts stated in consolidated balance sheets

	Fiscal 1999 As of 3.31.00		Fiscal 2000 As of 3.31.01	
	Balance at the end of period	Cash and cash equivalents in the amount on the left	Balance at the end of period	Cash and cash equivalents in the amount on the left
Cash and deposits	160,300	159,227	152,755	151,648
Marketable securities	83,934	78,213	56,564	56,069
Cash and cash equivalents		237,440		207,717

(5) Summary of significant accounting policies

1. Scope of consolidation

(1)Consolidated subsidiaries: 113
(2)Non- Consolidated subsidiaries: 34
(3)Changes in consolidated subsidiaries
Newly consolidated subsidiaries: ;WINGSPAN INSURANCE(GUERNSEY) LTD., ANA ENGINE SERVICE CO.,LTD., FUKUSHIMA AIR SERVICE CO.,LTD., SKY FOODS COMPANY, LTD.
Excluded consolidated subsidiaries: ;ANA ENTERPRISES(USA),INC., ANA HOTELS HAWAII, INC., NARITA ANA TRADING CO.,LTD., and other 3 companies. (Decreasing of significance)

2. Affiliates treated under the equity method

(1)Subsidiaries and affiliates treated under the equity method: 32 (Non- consolidated subsidiaries: 6, Affiliates: 26)
(2)Affiliates not treated under the equity method: 56(Non-consolidated subsidiaries:28, Affiliates: 28)
(3)Changes in subsidiaries and affiliates treated under the equity method
Excluded subsidiaries and affiliates treated under the equity method: ;FUKUSHIMA AIR SERVICE CO.,LTD.(Making a change to consolidated subsidiaries)

3. Settlement terms of consolidated subsidiaries

Consolidated subsidiaries below differ the settlement terms from the date of March 31. Their financial statements are employed without adjustment.

WINGLET CO.,LTD. and other 14 subsidiaries ….. December 31.
GDP CO.,LTD. and other ２ subsidiaries ….. January 31.
ANA SUB ONE CO.,LTD ….. February 10.

The accounts of ANA SUB TWO CO.,LTD. and AWT OCEANIA PTY LTD. are adjusted to reflect financial position and operating results as of the end of March 31.

4. Significant accounting practices

(1)Valuation of principal assets and valuation method
Inventories are stated at cost, cost being determined by the moving average method.
Marketable securities are primarily stated at market value on balance sheet date and unrealized gains and losses are recognized in statement of earnings.
Investment securities are primarily stated at market value on balance sheet date and unrealized gains and losses are recognized in shareholders’ equity, excluding not having market price stated at cost.

(2)Depreciation of principal fixed assets

Tangible fixed assets:

Aircraft: Depreciation is computed primarily by the straight line method.

Building: Depreciation is computed primarily by the straight line method.

Other tangible fixed assets: Depreciation is computed primarily by the declining balance method.

Intangible fixed assets: Depreciation is computed primarily by the straight line method.

(3)Appropriation to principal reserves

Allowance for doubtful accounts: Generally, allowance for doubtful accounts is calculated based on the actual ratio of doubtful accounts losses incurred. For specific accounts with higher possibility of doubtful accounts loss, the allowance is determined by independent judgment**.**

Bonus payment reserve: Bonus payment reserves are provided for the expected payment of bonuses for the current fiscal year.

Accrued employee's retirement benefits: The liability for the employees retirement benefits is provided for the present value of post-employment benefit obligations. The unfunded liabilities as for April 1. 2000, are ¥110,498 million and are amortized over 15 years.

(4)Accounting for deferred assets

Bond issue expenses are amortized over a three year period in accordance with the provisions of the Commercial Code.

Development costs are amortized over a five year period in compliance with the Provisions of the Commercial Code.

(5)Accounting for leases

All finance lease contracts other than those by which the ownership of the leased assets is to be transferred to lessees, are accounted by the method similar to operating lease method.

(6)Translation of foreign currency denominated assets and liabilities into Japanese yen foreign currency denominated assets and liabilities are translated at the exchange rate as of the date of balance sheet.

5. Amortization of consolidation adjusting accounts

Consolidation adjusting accounts are amortized over a five year period beginning from the fiscal year of accrual using the straight line method.

6. Appropriation of retained earnings

Appropriation of retained earnings of subsidiaries is based on appropriations approved During the fiscal year.

7. Scope of funds(Cash and cash equivalents) for the cash flow statement

For the purpose of statement of consolidated cash flows, the companies consider cash, short-term deposits readily convertible into cash, and highly liquid short-term investments with original maturity of three months or less and without significant risk of change in value as funds (cash and cash equivalents).

Segment Information (Consolidated)

Year ended March 31,2000 *Unit:¥Million*

	Air transportation	Travel Services	Hotel Operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	920,447	124,408	65,688	99,104	1,209,647	-	1,209,647
Intra-group sales and transfers	60,056	11,469	11,685	77,117	160,327	(160,327)	-
Total	980,503	135,877	77,373	176,221	1,369,974	(160,327)	1,209,647
Operating expenses	954,811	132,551	73,535	176,439	1,337,336	(159,248)	1,178,088
Operating income (loss)	25,692	3,326	3,838	(218)	32,638	(1,079)	31,559

Year ended March 31,2001 *Unit:¥Million*

	Air Transportation	Travel services	Hotel Operations	Other businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	964,888	139,155	71,586	104,006	1,279,635	-	1,279,635
Intra-group sales and transfers	73,396	13,702	12,113	87,109	186,320	(186,320)	-
Total	1,038,284	152,857	83,699	191,115	1,465,955	(186,320)	1,279,635
Operating expenses	965,948	151,379	79,868	184,717	1,381,912	(184,520)	1,197,392
Operating income	72,336	1,478	3,831	6,398	84,043	(1,800)	82,243

Notes:

1. *Segment breakdown is based on classifications employed for internal management.*
2. *The businesses, information and telecommunication, trading and retailing, real estate & building management and other revenues are included in "Other businesses".*
3. *Industry segment information of the company and its subsidiaries is only disclosed because of its significance.*

Breakdown of Operating Revenues (Consolidated)

Unit: ¥ million

	Preceding term 4.1.99- 3.31.00	% of total	Current term 4.1.00- 3.31.01	% of total
Scheduled domestic routes				
Passenger	653,737	47.7	672,504	45.9
Cargo	27,718	2.0	28,283	1.9
Mail	10,406	0.8	10,637	0.7
Baggage handling	256	0.0	287	0.0
Subtotal	692,117	50.5	711,711	48.5
Scheduled international routes				
Passenger	180,776	13.2	207,449	14.2
Cargo	40,081	2.9	40,403	2.8
Mail	2,148	0.2	2,169	0.1
Baggage handling	539	0.0	576	0.0
Subtotal	223,544	16.3	250,597	17.1
Revenues from scheduled flights	915,661	66.8	962,308	65.6
Other operating revenues	64,842	4.7	75,976	5.2
Subtotal	980,503	71.6	1,038,284	70.8
Travel services				
Package tours (Domestic)	78,695	5.7	86,007	5.9
Package tours (International)	40,527	3.0	47,100	3.2
Other revenues	16,655	1.2	19,750	1.3
Subtotal	135,877	9.9	152,857	10.4
Hotel Operations				
Guest rooms	23,147	1.7	27,452	1.9
Banquets	23,627	1.7	23,564	1.6
Foods and drinks	19,445	1.4	19,460	1.3
Other revenues	11,154	0.8	13,223	0.9
Subtotal	77,373	5.6	83,699	5.7
Other businesses				
Trading and retailing	124,790	9.1	136,863	9.4
Information and telecommunication	16,532	1.2	19,301	1.3
Real estate & building maintenance	15,993	1.2	17,181	1.2
Other revenues	18,906	1.4	17,770	1.2
Subtotal	176,221	12.9	191,115	13.1
Total operating revenue	1,369,974	100.0	1,465,955	100.0
Intercompany eliminations	(160,327)	-	(186,320)	-
Operating revenue (Consolidated)	1,209,647	-	1,279,635	-

Notes:
1. Segment breakdown is based on classifications employed for internal management.
2.Segment operating revenue includes inter-segment transactions.

Overview of Airline Operating Results (Consolidated)

	Preceding term 4.1.99- 3.31.00	Current term 4.1.00- 3.31.01
Domestic routes		
Number of passengers	45,430,847	45,509,166
Available seat-km (thousand km)	60,092,543	61,074,346
Revenue passenger-km (thousand km)	38,411,436	38,468,738
Passenger load factor	63.9	63.0
Cargo (tons)	420,846	434,333
Mail (tons)	74,754	78,166
International routes		
Number of passengers	3,998,573	4,377,639
Available seat-km (thousand km)	33,772,135	32,445,880
Revenue passenger-km (thousand km)	22,510,049	24,123,742
Passenger load factor	66.7	74.4
Cargo (tons)	195,384	192,997
Mail (tons)	7,499	7,881
Total		
Number of passengers	49,429,420	49,886,805
Available seat-km (thousand km)	93,864,678	93,520,226
Revenue passenger-km (thousand km)	60,921,485	62,592,480
Passenger load factor	64.9	66.9
Cargo (tons)	616,230	627,330
Mail (tons)	82,253	86,047

Notes:
Domestic routes: All Nippon Airways Co. +Air Nippon Co.+ Air Hokkaido Co.
International routes: All Nippon Airways Co. + Air Nippon Co.+ Air Japan Co.
Each results do not include results of charter flights .

(1) Nonconsolidated Balance Sheets

Unit: ¥ million

Assets	Fiscal 1999 As of 3.31.00	Fiscal 2000 As of 3.31.01	Change from last year
Current assets	334,978	313,920	(21,058)
Cash and deposits	102,070	101,758	(312)
Trade accounts receivable	70,530	76,357	5,826
Marketable securities	67,425	46,207	(21,217)
Treasury stock	3	3	0
Inventories	42,956	43,671	715
Prepaid expenses	2,358	2,914	556
Short-term loans receivable	10,922	12,959	2,037
Other accounts receivable	7,834	8,858	1,023
Deferred tax assets	3,717	4,871	1,153
Other current assets	27,529	16,581	(10,947)
Allowance for doubtful accounts	(368)	(264)	104
Fixed assets	866,134	813,041	(53,093)
[Tangible fixed assets]	[630,867]	[641,157]	[10,290]
Buildings	108,590	104,576	(4,014)
Structures	2,725	2,197	(528)
Aircraft	361,769	413,997	52,228
Machinery and equipment	16,393	13,543	(2,850)
Transportation equipment other than aircraft	1,900	1,755	(144)
Tools and fixtures	22,645	19,349	(3,295)
Land	67,163	60,361	(6,801)
Construction in progress	49,679	25,376	(24,302)
[Intangible fixed assets]	[17,635]	[23,382]	[5,747]
Telephone deposits	532	477	(55)
Software	16,897	18,068	1,170
Other intangible assets	204	4,837	4,632
[Investments and others]	[217,632]	[148,500]	[(69,131)]
Investment securities	22,776	28,912	6,135
Investments in subsidiaries and affiliates	129,694	70,173	(59,521)
Bonds of subsidiaries and affiliates	5,500	5,500	—
Advances to subsidiaries and affiliates	60	60	—
Long-term loans receivables	28,752	27,264	(1,488)
Housing loans to employees	7,853	1,018	(6,834)
Long-term prepaid expenses	3,546	2,507	(1,038)
Deferred tax assets	4,377	7,046	2,669
Other investments	15,738	18,996	3,257
Allowance for doubtful accounts	(668)	(12,979)	(12,311)
Deferred assets	432	927	494
Bond issuance expenses	432	927	494
Total assets	1,201,546	1,127,888	(73,657)

Liabilities	Fiscal 1999 As of 3.31.00	Fiscal 2000 As of 3.31.01	Change from last year
Current liabilities			
Current liabilities	303,625	269,443	(34,181)
Trade accounts payable	85,494	107,854	22,360
Current portion of long-term debt	68,806	50,180	(18,626)
Current portion of bonds payable	63,000	30,000	(33,000)
Non-operating accounts payable	3,321	3,821	499
Accrued income taxes	118	11,376	11,258
Accrued expenses	26,340	19,205	(7,134)
Deposits	2,431	2,056	(375)
Advance ticket sales	40,041	31,331	(8,709)
Bonus payment reserve	7,136	7,398	261
Other current liabilities	6,933	6,219	(714)
Long-term liabilities	728,353	688,644	(39,708)
Straight Bonds	230,000	200,000	(30,000)
Convertible Bonds	141,703	153,829	12,126
Long-term loans payable	290,509	260,770	(29,738)
Long-term unearned income	75	113	38
Accrued employees' retirement benefits	54,069	61,371	7,301
Reserve for losses on related businesses	4,335	448	(3,887)
Other long-term liabilities	7,660	12,112	4,451
Total liabilities	1,031,978	958,088	(73,889)

Shareholders' equity			
Common stock	72,142	86,079	13,936
Capital reserves	100,436	114,373	13,936
Capital surplus	90,135	104,072	13,936
Regal reserves	10,301	10,301	—
Deficit	3,011	32,021	29,009
Special depreciation reserve	2,583	2,206	(377)
Other reserve	1,600	1,600	—
Land devaluation reserve	785	785	—
Unappropriated net loss	7,981	36,613	28,632
net loss for the period	9,732	29,009	19,276
Unrealized gains on securities	-	1,367	1,367
Total shareholders' equity	169,567	169,800	232
Total liabilities and shareholders' equity	1,201,546	1,127,888	(73,657)

(2)Nonconsolidated Statements of Income (Loss)

Unit: ¥ million

	Fiscal 1999 4.1.99 - 3.31.00	Fiscal 2000 4.1.00 - 3.31.01	Change from last year
Recurring Profit			
Operating revenues and expenses			
Operating revenues	911,849	966,588	54,739
Operating expenses	702,499	722,324	19,825
Sales, General and administrative expenses	188,744	177,840	(10,904)
Operating income	20,605	66,424	45,818
Non-operating income and expenses			
Non-operating income			
Interest and dividend income	2,136	2,511	375
Other	25,114	30,214	5,100
Total	27,251	32,726	5,475
Non-operating expenses			
Interest expenses	26,974	23,226	(3,747)
Other	23,301	22,602	(699)
Total	50,276	45,828	(4,447)
Total Recurring Profit (Loss)	(2,418)	53,322	55,740

Extraordinary Gains and Losses

Extraordinary gains			
Gains on sales of marketable securities	1,673	1,394	(279)
Gains on sales of fixed assets	249	662	412
Special dividend from affiliates	2,359	—	(2,359)
Other gains	—	167	167
Total	4,282	2,224	(2,058)
Extraordinary losses			
Adjustment for annuity payments for past service	1,666	—	(1,666)
Provision for losses on related businesses	4,335	—	(4,335)
Valuation loss on shares of affiliates	701	50,538	49,837
Loss on sale of affiliate stock	431	2,819	2,387
Loss from liquidation of affiliates	158	—	(158)
Special retirement benefits	4,685	790	(3,894)
Valuation loss on marketable securities	3,840	3,012	(827)
Loss on sales of marketable securities	—	1,982	1,982
Loss on disposal of fixed assets	1,610	—	(1,610)
Loss on sales of fixed assets	—	8,283	8,283
Provision for doubtful accounts	—	10,650	10,650
Other losses	—	1,183	1,183
Total	17,429	79,262	61,832
Net loss before taxes	15,565	23,715	8,150
Corporate, inhabitant and enterprise tax	144	11,609	11,465
Deferred taxes	(5,976)	(6,315)	(339)
Net loss	9,732	29,009	19,276
Loss carried over from last year	2,811	7,603	4,792
Tax effect accounting adjustment for prior years	2,117	—	(2,117)
Reversal from tax reserve (Special Taxation Measures) for application of deferred accounting method	2,444	—	(2,444)
Unappropriated loss	7,981	36,613	28,632