

ANA Group 2008-2011 Mid-Term Corporate Plan

– Innovation and Globalisation for Reform and Greater Profitability–

TOKYO January 31, 2008 ANA today announced its latest mid-term corporate plan for the four year period from April 1, 2008 – March 31 2012. This will replace the current Mid-term Corporate Plan 2006 – 2009 to better reflect the realities of the global and Japanese operating environment: continuously high jet fuel prices, deregulation and the imminent capacity expansion of Tokyo Haneda and Tokyo Narita airports in 2010.

“We have made strides under our present mid-term plan,” said ANA President & CEO Mineo Yamamoto. “Our fleet renewal is well under way, and we are constantly taking delivery of the newest, most economical and comfortable aircraft; we are down-gauging aircraft to improve operating efficiencies and convenience for customers; we are investing in our international operation – where we expect most growth; and we have strengthened our financial base through the sale of our hotels.

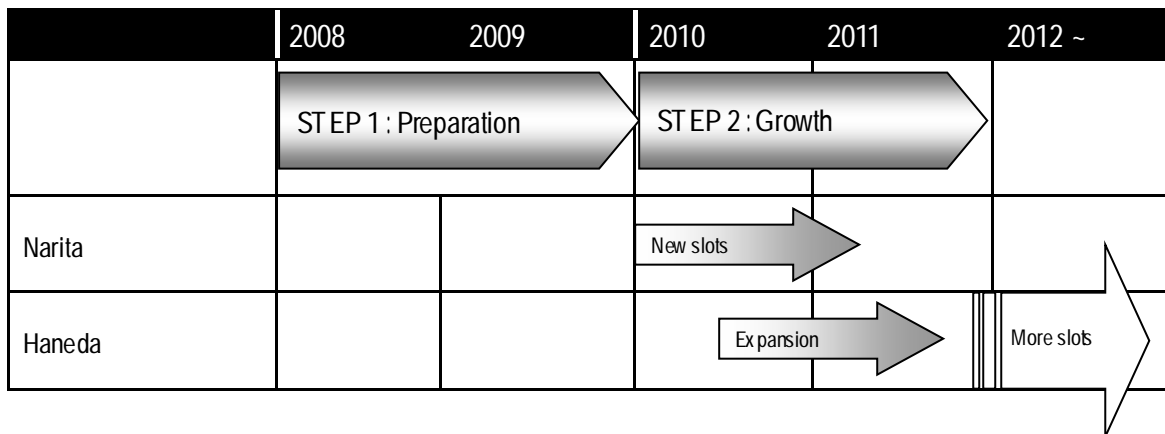
In the light of changes in our operating environment since the inception of the current Mid-Term Corporate Plan, it is time to build on the foundation we have created thus far, to be innovative and think on a more global scale if we are to achieve our corporate vision of being Asia’s Number One Airline for quality, customer satisfaction and value creation.

Being innovative means resetting our present ways of thinking to zero in order to get beyond things we take for granted in our industry, so that we can find new ways of doing business and serving our customers. It means re-thinking our organisation, improving individual productivity and outsourcing more to achieve greater efficiencies, allowing us to expand our operation without expanding our headcount. And as for global thinking, it behoves us to move our awareness to Asia – which is our home region and an area of tremendous growth – so that we can examine our global growth strategy going forward from an Asian, not just a Japanese perspective ,” explained Mr Yamamoto.

1. Four year period breakdown

- (1) FY 2008-2009: Preparation for expansion at Tokyo's Haneda and Narita airports.
Investment in facilities, equipment & services in preparation for post 2010 growth
- (2) FY 2010- 2011: Growth period.
Make the best possible use of new slots for maximum growth; reap the benefits of earlier investment

2. Expected Tokyo Metropolitan airport development 2008-2011



3. Plan in outline

1. Strengthen Management Base

Safety

Create an organizational structure across the whole Group that promotes the existing culture of safety to the highest standards in the world. Reassure customers of high standards not only in the air, but in all areas in which they come into contact with ANA.

Improve on-time performance – ‘On-time Airline ANA’

Take measures to improve on-time performance in order to better compete with the shinkansen bullet train services, while ensuring that safety continues to supersede all other considerations.

Corporate Social Responsibility

Become a leading airline in the increasingly important environmental field by setting in place a Mid-Term Ecology Plan.

2. Growth Strategy Highlights

Innovation

- Find new ways of thinking and employ new organizational structures, new technologies and new systems to expand our operation while maintaining the staff headcount around present levels.
- In particular, reappraise the Group's operation, and outsource work or use Information Technology where appropriate to improve individual productivity. Achieve the following:

	Scale of Operation and Personnel by FY2011 (cf FY 2007)
International ASKs	+17%
Domestic ASKs	+1%
Freighter TKs	+302%
Headcount	3%
Individual productivity*	+20%

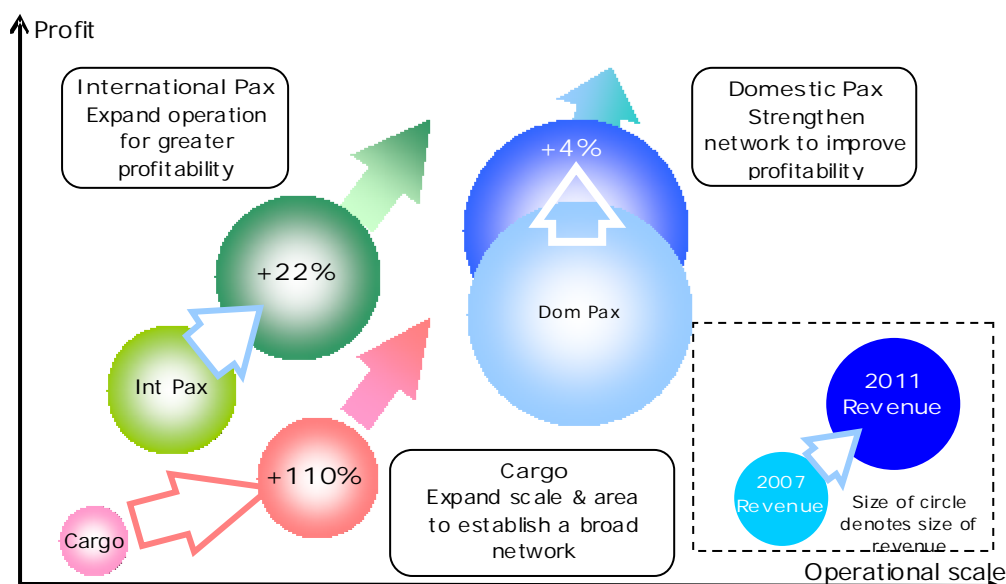
*tonne kilos per person (passenger and cargo)

Globalisation

- Globally expand the international passenger and cargo businesses, the areas in which most growth is expected.
- Explore ways of globalising the business in order to secure lower costs and facilitate international expansion and profit growth.
- Explore possibilities for expansion going forward from a non-Japan perspective, using the newly established in-house division, Corporate Affairs, Asia.

3. Expanding ANA Group's Operation

Planned expansion of operational scale and profit growth



International – expand operation for greater profitability

- Balance expansion between Europe and North America, China and the rest of Asia. Strengthen the network carrier model.
- Increase flights to Europe and North America from Tokyo Narita, and expand operations in these regions by 26%. Increase frequencies to daily on China routes and expand operations on those and other Asia routes by 11%.
- Utilise 24-hour operations at Tokyo Haneda to increase the route network in Asia.
- Along with the mainstay of ANA's intercontinental fleet, the 777, introduce the 787 on long haul routes to better match supply and demand, and achieve fuel savings.

Cargo – expand the scale and area of the business to establish a broad network

- Use the favourable geographical location of Okinawa in Asia by establishing an Asian cargo hub there in the second half of FY 2009.
- Set up a new company to provide business-to-business international express delivery services and thus expand the area of cargo operations.
- Increase the freighter fleet from the present six aircraft to 14 – including four large wide body freighters – within the time frame of this corporate plan, and commence full scale operations from the Okinawa cargo hub. Also operate on Europe and North America routes.

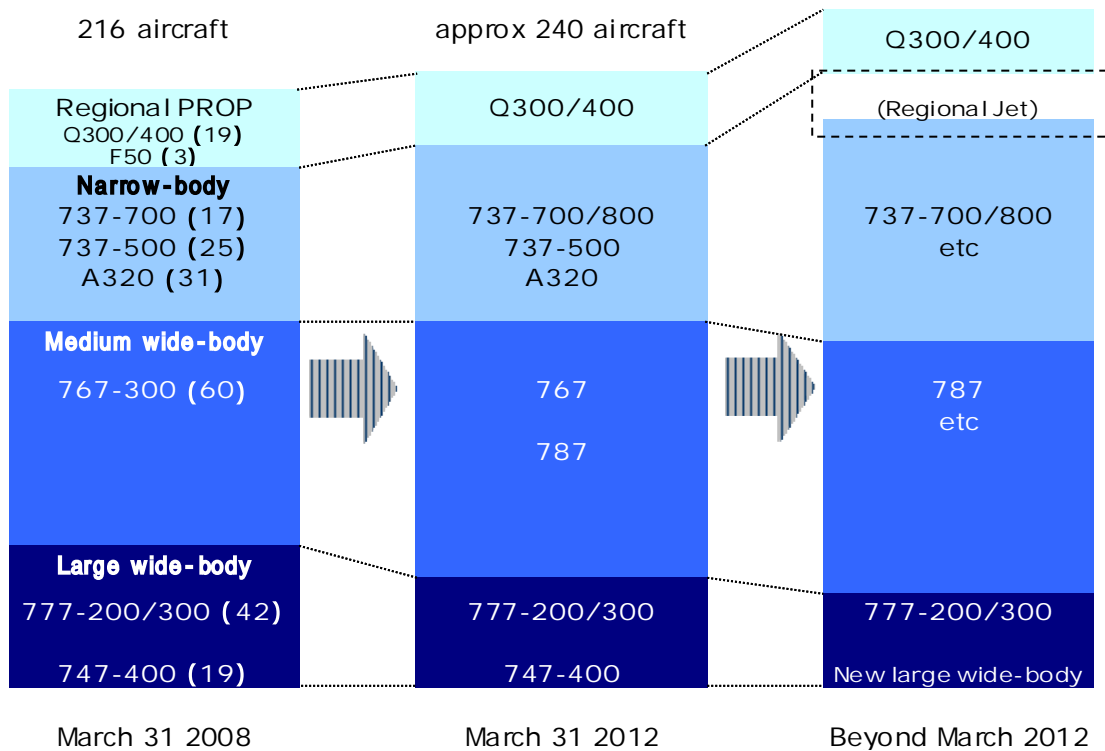
Domestic – strengthen network to improve quality of operations

- In tandem with increasing flights from Tokyo Haneda, introduce a system of simple rotation to improve network efficiency and quality, and strengthen the aircraft rotation system against operational irregularities.
- Improve connectivity also at main hubs; introduce a suitable connecting fare structure to secure gains in customer convenience and operational efficiency.
- Increase average load factors to around 70% within the time frame of this corporate plan.
- Deepen co-operation with new entrant airlines.

4. Fleet Strategy – rationalise and renew with more efficient aircraft

By March 2012:

- Invest JPY630 billion in aircraft, taking delivery of:
787 x 26
777-300 x 5
737-700/800 x 28
- The following aircraft will be retired:
747-400 (international)
A321
F50
- The fleet will be 50% composed of the most fuel efficient aircraft (777, 787, 737-700/800)
- The introduction of a regional jet will be examined.



4. Corporate Goal

To become Asia's no 1 airline for customer satisfaction with an operating profit exceeding JPY120 billion; aim for a profit margin exceeding 7%

(billion yen (% of FY 2007))

	FY 2008	FY 2009	FY 2010	F Y2011
Consolidated revenue	1,510.0	1,570.0	1,660.0	1,720.0
<u>Consolidated operating profit</u>	80.0	80.0	90.0	120.0
Consolidated recurring profit	52.0	47.0	52.0	83.0
Consolidated net profit	27.0	26.0	27.0	48.0

EBITDA*1	183.0	198.0	226.0	266.0
D/E ratio*2	2.2	2.2	2.1	1.9
Investment in equipment and facilities	242.0	253.0	233.0	196.0

Productivity (international ASKs)	+1%	+7%	+13%	+17%
(freight tonnes)	+16%	+166%	+301%	+302%
(domestic ASKs)	-6%	-6%	-3%	+1%

*1 Earnings Before Interest, Tax, Depreciation and Amortization

*2 Including off balance debt

*assumptions:

Dubai crude FY06-09 Mid-Term Plan: USD55/ barrel; FY08: USD86/ barrel; FY09-011: USD83/ barrel

Singapore kerosene FY06-09 Mid-Term Plan: USD74/ barrel; FY08: USD110/ barrel; FY09-011: USD103/ barrel

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