

**All Nippon Airways Financial Results First Quarter FY2009
Q&A Summary (This Conference Call was held in Japanese only)**

Q-1

- ◆ Is your demand forecast for domestic passenger numbers in July through September shown on page 12 of the materials based on actual reservation trends?
- ◆ In your forecast for the second quarter demand on domestic routes, what is the breakdown between individual and tour passengers? Would you expect individual passenger demand continue to be weak, and the downward trend in yield also continue?

A-1

- You are correct. The demand forecast on page 12 is based on current actual trends in reservations.
- The forecast for passenger numbers on domestic routes is 93% in July year on year basis, 92% in August, and 96% in September. While the market is tough, we see a significant improvement in passenger numbers due to our efforts to spur demand focused on the leisure travel segment. Demand in the higher-yield individual passenger segment remains at relatively low levels, but we are beginning to see signs of recovery, and that is bringing some improvement in unit prices overall.

Q-2

- ◆ Could you give us your assumptions for international passenger revenue in the second quarter and the second half of the year? Is there any revision from the original assumptions initially set at the beginning of the fiscal year?

A-2

- Based on current booking trends, the forecast for the number of international passengers in the second quarter is expected to be about 95% year on year, thanks to the weakening impact of swine flu and the effects of our measures to stimulate demand.
- Our forecast for the second half remains approximately same with our initial demand estimates. Passenger numbers have recovered somewhat in the near term and we will be taking a close look at our demand estimates for the second half after analyzing the result of summer holiday period.
- In the first quarter, we faced large drop in yield, 64.3% year on year, and we can't expect significant improvement in the second quarter. The key factor in improving yield will be recovery of business class passenger numbers.
- We expect business class passengers to recover slightly in July at 65%, August at 67% and September at 71% year on year, which results as yield improvement thanks to adjustments to the class mix.

Q-3

- ◆ International passenger yield dropped in the first quarter, down 35% year on year. Could you explain the breakdown of the impact of the class mix and reductions in the Fuel Surcharge

A-3

- International passenger revenue in the first quarter dropped by ¥34.7 billion versus the previous year, of which unit price accounts for about ¥27.0 billion, and the impact of a falling passenger numbers equals about ¥7.5 billion. Of the unit price related factors, about ¥6.0 billion was due to the net impact of a rise in full fares and a drop in the Fuel Surcharge, approximately ¥4.0 billion was due to exchange rates, with the remaining ¥17.0 billion coming from changes in the class mix and adjustments to our route network.

Q-4

- ◆ Did the FY09 Emergency Income Recovery Plan have any effects in the first quarter?
- ◆ To what extent will you be able to sustain those income recovery effects in the future?

A-4

- Since the measures for delivering ¥30.0 billion in the Emergency Income Recovery Plan were set up after the start of the fiscal year, they are not reflected in the first quarter results. Many of the items relate particularly to revisions to our business plan, so that basically, those effects will take place in the second quarter and beyond. More than 90% of the effects will be seen from the second half of the fiscal year.
- Firstly, the income recovery effect of our network plan for the next fiscal period will depend on how our network plan for FY10 is going to be. Since it will be prepared in line with how we see market conditions and forecast demand for that year, we are thinking about it quite separately from the measures for the current period.
- Next, the effect of some personnel cost reductions and other cost-cutting measures will carry beyond the current period into the next fiscal year as well. And, in fact, the effect of reductions in general procurement costs and the "Pay for Value" program will actually increase in the next fiscal year and beyond. General procurement cost reductions this fiscal year will only affect our results in the second half and "Pay for Value" only really takes effect from December of this year, therefore their full year effect is expected to grow in the following fiscal year.

Q-7

- ◆ Your reservations forecast for the traditional Obon holiday period (from 7th to 16th August) was announced today, 90.1% on domestic routes, 107.0% on international, compared to last year. What is your analysis of this forecast?

A-7

- Passenger numbers for domestic routes in August alone are expected to be at 92% year on year. Because fares are set high during the Obon holiday period, a trend in recent years is for passengers to avoid that busy period and be distributed across other parts of the summer vacation period. As September includes a 5-day holiday, this year we think some of the demand may be split off to that period as well. As a result, we do not believe that the Obon holiday period will show any drastic fall comparison to other periods.