AIR TRANSPORTATION

In the fiscal year under review, operating revenues in the air transportation segment were up 1.4%, to ¥992.4 billion, and a ¥6.9 billion operating loss was recorded, compared with operating income of ¥18.7 billion in the previous year. The segment accounted for 70.8% of total operating revenues before eliminations.

Domestic Passenger Services

Demand weakened due to the sluggish Japanese economy, and the October 2002 establishment of Japan Airline System, an integrated holding company for Japan Airlines Co., Ltd., and Japan Air System Co., Ltd., resulted in intense competition, with airlines implementing airfare reductions and promotional campaigns designed to boost demand.

In this setting, ANA increased the number of flights on high-demand routes, mainly trunk routes through Haneda and routes competing with rail services of Japan Railway (JR) companies, such as the Tokyo–Sapporo, Tokyo–Osaka, and Tokyo–Fukuoka routes. In addition, Air Nippon Co., Ltd. (ANK), inaugurated the Tokyo–Ishigaki and Kansai–Ishigaki routes, and ANA suspended four routes where demand was low. ANA also reduced the number of flights on certain routes and transferred others to ANK.

In February 2003, ANA began code-share service with Hokkaido International Airline Co., Ltd., on 12 flights, or 6 round trips, a day between Tokyo and Sapporo operated by Hokkaido International. As a result, ANA now offers 24 round-trip flights a day between Tokyo and Sapporo, a capacity comparable to that of Japan Airline System, which had an unmatched transportation capacity on that route since its formation.

ANA established a Narita–Fukuoka route and, through code-share services with Fair Incorporated and Nakanihon Airline Co., Ltd., established a Narita–Sendai route and added more flights on the Narita–Sapporo, Narita–Osaka, and Narita–Nagoya routes. We also worked to improve the connection services between international and domestic routes at Narita Airport, named ANA Connection.

In marketing, ANA took steps to stimulate demand by accurately meeting diversifying customer needs. In July 2002, we launched the *Web Wari* discount fare, which offers a discount of up to 29% for reservations made over the Internet or by a cellular phone. In the second half of the fiscal year, we complemented the *Chowari* super-discount fare by launching the *All Day Pass*, which offers a day of unlimited domestic flights for ¥10,000, and the *Visit Home* fare, which features fares of ¥10,000 on specified routes. We also worked to enhance other services, such as Air Rail, which we offer in cooperation with JR companies. Air Rail combines ANA's *Chowari* discount fare with a day of unlimited, non-reserved travel on JR express trains. We expanded the number of JR companies offering Air Rail from one to four in the year under review.

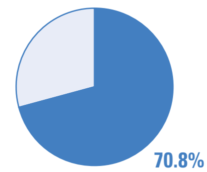
International Passenger Services

On international routes, demand has recovered slowly since the September 11 terrorist attacks in the United States in 2001. In particular, economic expansion in Asia has led to increased demand for international transportation, and airlines have responded by increasing flight frequency, centered on China routes. However, the war in Iraq had a serious effect on demand for passenger travel in the second half of the fiscal year.

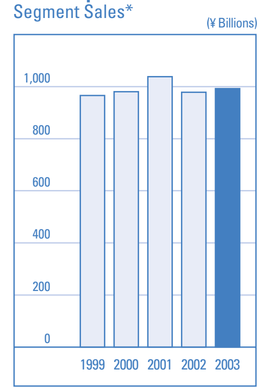
In April 2002, the new parallel runway at Narita Airport was placed into operation, leading to a significant increase in ANA Group slots. As a result, we have been able to establish Narita Airport as the hub of our international air transportation network, which is a goal we have worked to achieve since 1986, when we first offered international service. This has allowed us to clear a large bottleneck that has impeded our international business development, and we are now free to compete to serve the business travel market in the Tokyo metropolitan area, where demand is high.

By using our new slots at Narita, we took steps to enhance our short-haul Asian route network, primarily China routes, on which demand is expected to increase. ANA inaugurated new Narita–Xiamen and Narita–Taipei routes and moved to twice-daily service on the Narita–Beijing, Narita–Shanghai, Narita–Hong Kong, Narita–Seoul, and Kansai–Shanghai routes. Consequently, the number of passengers on China routes increased significantly, with notable growth in the number of passengers in business class. In addition, we began

Air Transportation
Segment Revenues as a Percent of Operating Revenues



Air Transportation
Segment Sales*



* Figures include intercompany transactions.

daily flights on the routes between Narita and San Francisco, Honolulu, Frankfurt, and Singapore. We also worked to improve convenience for business passengers traveling from Europe and the United States to China and other destinations in Asia via Narita.

In services, we strove to differentiate ANA from its competitors by accurately meeting customer needs. On the Boeing 747-400 aircraft that have been used on the Narita–London route since April 2002, we introduced New Style CLUB ANA, which features full-flat seats in business class, and Premium Economy, which offers seats in economy class with amenities equivalent to those in business class. In the second half of the fiscal year, we began to use Boeing 747-400 aircraft on the Tokyo–Frankfurt route. And in December, on the Narita–London route we introduced Boeing 747-400 aircraft with the world's largest full-flat, wide-bed seats in first class, including a partition that enables each seat to be turned into a private cubicle.

In marketing, we revised fare restrictions and implemented promotional campaigns to stimulate business demand. We relaxed the criteria for *Biji Wari*, a regular discount fare for business class that requires advance purchase, and expanded the routes on which it is available. In October 2002, we initiated the *Okaeri* Hire Service, which enables passengers using business class on round-trip travel to take a hired car from the airport to their destination, and the *Okaeri* Taxi Campaign, which provides a taxi coupon to passengers who used first or business class for round-trip travel on China and other Asian routes.

Operating Revenues Composition—*Air Transportation*

ANA and consolidated subsidiaries	Yen (Millions)		%
Years ended March 31,	2003	2002	Year-on-year change
Domestic Operations:			
Passenger revenues	¥646,854	¥662,772	–2.4
Cargo revenues	24,330	24,746	–1.7
Mail revenues	10,561	11,491	–8.1
Baggage handling revenues	314	294	+6.8
	682,059	699,303	–2.5
International Operations:			
Passenger revenues	185,481	169,660	+9.3
Cargo revenues	40,393	32,937	+22.6
Mail revenues	3,061	2,240	+36.7
Baggage handling revenues	559	551	+1.5
	229,494	205,388	+11.7
Subtotal	911,553	904,691	+0.8
Other revenues	80,934	73,720	+9.8
Total	¥992,487	¥978,411	+1.4

Note: Figures include intercompany transactions.

TRAVEL SERVICES

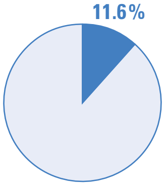
Operating revenues in the travel services segment rose 2.7%, to ¥162.8 billion, in the fiscal year under review. Operating income was ¥584 million, compared with an operating loss of ¥82 million in the previous year. The segment accounted for 11.6% of total operating revenues before eliminations.

Operating conditions in the travel service industry were extremely challenging due to the sluggish domestic economy and the situation in Iraq.

In this setting, demand for tours to the Kansai area declined significantly from the previous year, when demand was high due to the opening of Universal Studios Japan. In addition, intensified competition led to price reductions for travel services. Nonetheless, we implemented aggressive promotions for tours to Hokkaido, centered on ski tours, and for tours to Okinawa, and we succeeded in recording increases in passenger numbers and sales.

For overseas tours, with demand sluggish due

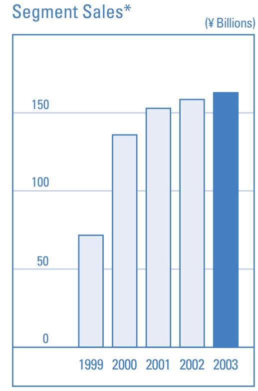
Travel Services
Segment Revenues as a Percent of Operating Revenues



to concern about terrorism, we implemented aggressive sales promotions, such as the introduction of an attractively priced business class tour. Although passenger numbers and sales both increased, demand did not undergo a full-fledged recovery due to the war in Iraq and the outbreak of SARS toward the end of the fiscal year.

ANA Sales Holdings Co., Ltd., was established in January 2002 as a holding company for three ANA travel services subsidiaries—All Nippon Airways World Tours Co., Ltd., All Nippon Airways Travel Co., Ltd., and ANA Sky Holiday Tours Co., Ltd. The company has made progress in reorganizing ANA's sales system and preparing to offer more attractive products and services. In January 2003, the company's name was changed to ANA Sales and Tours Co., Ltd. (ASX), and it acquired the three travel services subsidiaries.

Travel Services
Segment Sales*



* Figures include intercompany transactions.

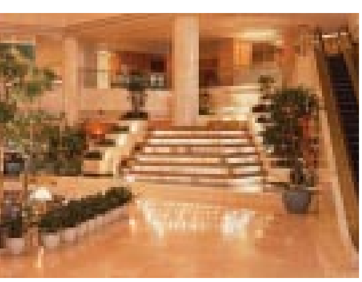
Operating Revenues Composition—*Travel Services*

ANA and consolidated subsidiaries	Yen (Millions)		%
Years ended March 31,	2003	2002	Year-on-year change
Domestic travel package revenues	¥105,430	¥ 99,507	+6.0
International travel package revenues	38,489	35,772	+7.6
Other revenues	18,951	23,254	–18.5
Total	¥162,870	¥158,533	+2.7

Note: Figures include intercompany transactions.

HOTEL OPERATIONS

In the fiscal year under review, operating revenues in the hotel business segment declined 3.9%, to ¥72.7 billion, and an operating loss of ¥1.2 billion was recorded, compared with an operating loss of ¥0.6 billion in the previous year. The segment accounted for 5.2% of total operating revenues before eliminations.

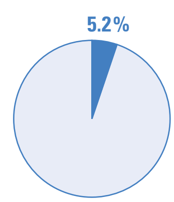


In our hotel operations, we faced unprecedented business conditions during the year. Due to the sluggish economies in the United States and Japan and to the war in Iraq, demand declined, especially for hotel accommodation and banquet services.

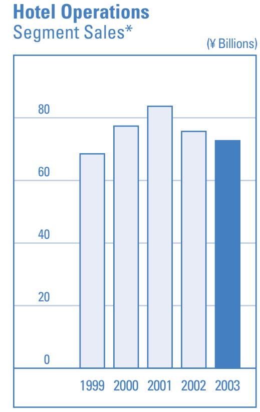
In domestic hotel operations, ANA Hotels Co., Ltd., which provides hotel chain management support, introduced a new marketing system to increase revenues for chain hotels, enhanced IT systems, and implemented effective income management techniques by introducing uniform accounting standards. To enhance the quality of facilities and increase the operational efficiency of the flagship ANA Hotel Tokyo, a renovation of the lower and middle floors was undertaken to create Premium Floors and Premium Upper Floors. To raise energy efficiency, energy-saving renovations were implemented at ANA hotels in Tokyo, Narita, and Hiroshima. As a result, reduced energy consumption is contributing to lower costs and a lighter environmental burden.

Overseas, we sold our shares in the companies that operate the Beijing Shinseiki Hanten in June 2002, the ANA Hotel Vienna in July 2002, and the ANA Harbor Grand Hotel Sydney in August 2002. The proceeds from the sales were used to reduce interest-bearing debt and bolster the Company's financial position. With these steps, we completed the withdrawal from our overseas hotel operations.

Hotel Operations
Segment Revenues as a Percent of Operating Revenues



Hotel Operations
Segment Sales*



* Figures include intercompany transactions.

Operating Revenues Composition—*Hotel Operations*

ANA and consolidated subsidiaries	Yen (Millions)		%
Years ended March 31,	2003	2002	Year-on-year change
Accommodation revenues	¥24,676	¥26,093	–5.4
Banquet revenues	18,788	20,509	–8.4
Food service revenues	16,702	17,906	–6.7
Other revenues	12,547	11,163	+12.4
Total	¥72,713	¥75,671	–3.9

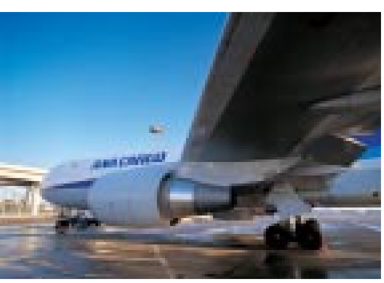
Note: Figures include intercompany transactions.

OTHER BUSINESSES

Revenues in this segment were down 8.0%, to ¥173.1 billion, and operating income was up 6.7%, to ¥5.3 billion. The segment contributed 12.4% of total operating revenues before eliminations.

In the fiscal year under review, Infini Travel Information, Inc., which provides a reservation and ticketing system for international flights, recorded a substantial increase in revenues. This rise was primarily the result of the large decline in revenues that was recorded in the previous year in the aftermath of the terrorist attacks.

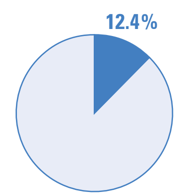
All Nippon Airways Trading Co., Ltd., which conducts trading and sales of goods, recorded higher revenues in all lines of business, except aircraft parts. Especially strong performances were registered in in-flight sales of ANA 50th anniversary commemorative products and in sales of semiconductor parts in new markets. However, All Nippon Airways Trading's revenues declined overall due to the substantial decrease in revenues from aircraft parts.



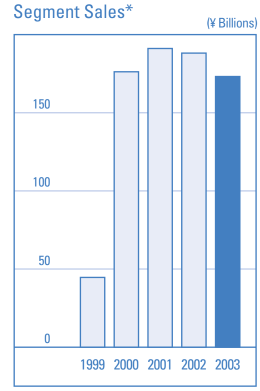
ANA Real Estate Co., Ltd., which sells and leases real estate and manages buildings, renovated a number of buildings to provide the high-quality office environment desired by tenants. As a result, despite the difficult real estate market, the company maintained high occupancy rates in every building and recorded increased revenues. However, ANA Real Estate recorded a net loss for the year due to a loss on the liquidation of a golf course subsidiary.

ANA Information Systems Planning Co., Ltd., which develops, maintains, and operates the information systems of the ANA Group, provides strong IT support for the establishment of a Group operational administration system. In addition, the company made available to customers outside of the ANA Group IT system development, maintenance, and operation services for passenger, cargo, transportation, crew, and aircraft maintenance information systems and steadily developed IT infrastructure provision operations. As a result, the company recorded higher revenues.

Other Businesses
Segment Revenues as a Percent of Operating Revenues



Other Businesses
Segment Sales*



* Figures include intercompany transactions.

Operating Revenues Composition—*Other Businesses*

ANA and consolidated subsidiaries	Yen (Millions)		%
Years ended March 31,	2003	2002	Year-on-year change
Trading and retailing revenues	¥118,653	¥135,181	–12.2
Information and communications revenues	19,641	19,815	–0.9
Real estate and property management revenues	16,820	16,254	+3.5
Other revenues	18,075	16,919	+6.8
Total	¥173,189	¥188,169	–8.0

Note: Figures include intercompany transactions.