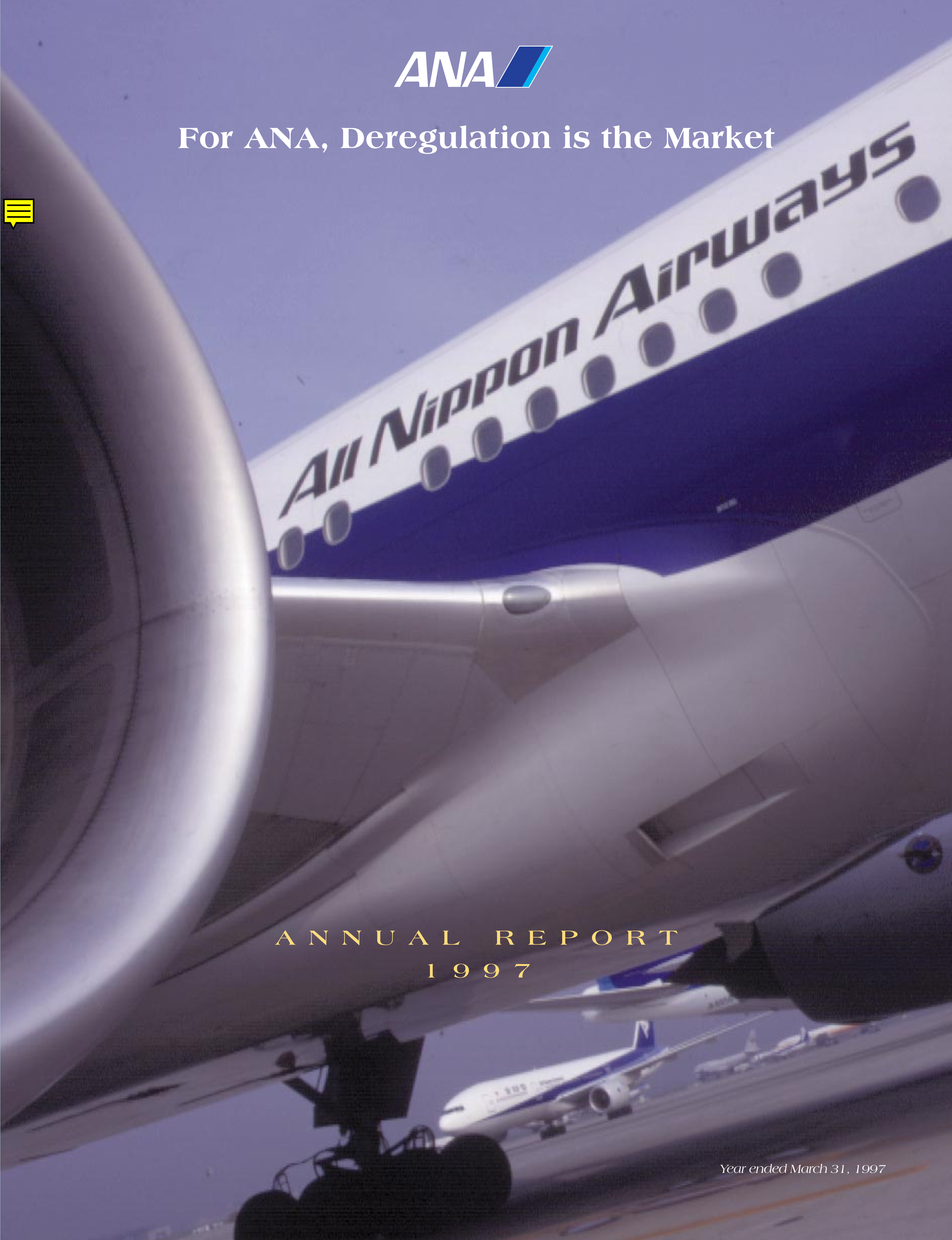
ANA

For ANA, Deregulation is the Market



ANNUAL REPORT
1997

Year ended March 31, 1997

Contents

ON THE COVER In March 1997, ANA completed the second year of a three-year plan at the parent company called "P-1521" aimed at raising productivity. As most of these goals have already been fulfilled, a new five-year plan was initiated in April 1997. During this period, plans call for expanding the fleet by 20 to 152 aircraft on a nonconsolidated basis. The Boeing 777-200 pictured in the foreground is a major component of this expansion program.

THE COMPANY

All Nippon Airways Co., Ltd. and its consolidated subsidiaries (ANA) are primarily involved in domestic and international air transportation and in other businesses that tie in with airline operations. ANA accounts for about half of Japan's domestic air transportation market. International routes serve 30 destinations. In 1996, ANA ranked sixth among IATA member airlines in terms of passenger volume.

For ANA, Deregulation is the Market

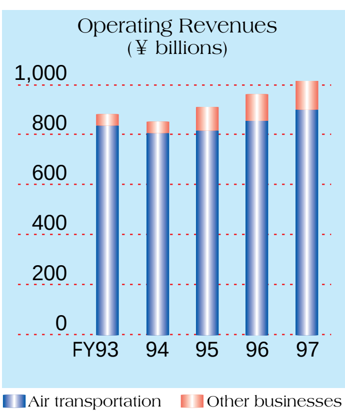
Deregulation is sweeping through ANA's markets. In December 1996, plans were announced to abolish much of the current regulatory system in Japan. Airlines will be free to fly wherever and whenever market conditions warrant. This process is being accompanied by growing airport capacity. On international routes, negotiations between Japan and the U.S. may lead to the end of unfair restrictions on ANA's ability to compete. ANA is taking actions today to ensure that these developments translate into higher revenues and earnings in the years to come.

TO OUR SHAREHOLDERS

We are pleased to report that ANA returned to profitability on a consolidated basis for the first time in five years. For the fiscal year that ended on March 31, 1997, operating revenues rose 5.6 percent to ¥1,021,742 million, topping the ¥1 trillion mark for the first time. Net income was ¥4,298 million. This was due to a number of factors: higher earnings at the parent company; better results at many consolidated subsidiaries; and the absence of the prior year's losses to restructure group companies. The many accomplishments of the year demonstrate that our efforts to become more competitive are yielding concrete benefits. Responsibility for building on this momentum rests with a new top management team that was elected by shareholders in June 1997.

A Year of Positive Trends

As passenger traffic in both the domestic and international markets increased, ANA initiated service on several routes. From Kansai, we began flying to six new destinations in Asia and Europe. We also inaugurated service from Narita to Delhi via Bangkok, and Narita to Denpasar, Indonesia via Jakarta. Overall, our international seat kilometers rose by 19.8 percent.



Within Japan, ANA entered 16 new routes, eight by the parent company and eight by subsidiary Air Nippon Co., Ltd. For the year, domestic seat kilometers were up 2.9 percent. Our domestic market share was a dominant 51.2 percent. To support this growth, the parent company added four Boeing 777-200s, two Boeing 767-300s and one Airbus A320 to our fleet. Air Nippon added five Boeing 737-500s.

ANA served many more passengers than in the previous fiscal year. International passengers rose 16.5 percent to 2,724 thousand and domestic passengers were up 5.0 percent to 42,100 thousand. In addition to the new routes, high-profile marketing campaigns to stimulate demand were a significant contributor.

A New Mid-Term Management Plan

The fiscal year ending in March 1998 is the last in the parent company's ongoing "P-1521" three-year medium-term plan. Higher productivity is the chief goal. Although one year remains, we have already met most of the plan's goals. Rather than waiting for March 1998, we decided to embark on a five-year plan called "SPEED-21" in April 1997. One objective is raising nonconsolidated operating revenues by 30 percent. Another is increasing international seat kilometers from 30 percent to 50 percent of total capacity. This target of 50 percent represents the final stage in an expansion program dating back to our first scheduled international flight in 1986. These two objectives are based on the assumptions that Narita's parallel runway is completed and that air transportation talks between Japan and the U.S. reach a favorable conclusion.

Financial Highlights (Consolidated)

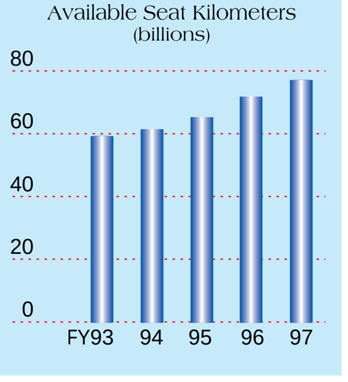
	Yen (Millions)			U.S. dollars (Thousands)	
	1997	1996	1995	1997	Change (%)
Operating revenues	¥1,021,742	¥967,302	¥914,244	$8,233,215	5.6
Operating expenses	1,001,149	939,547	899,464	8,067,276	6.6
Operating income	20,593	27,755	14,780	165,939	–25.8
Income before income taxes and equity in affiliates	12,856	3,572	848	103,594	259.9
Net income (loss)	4,298	(8,572)	(7,471)	34,633	–
Per Common Share (in yen and U.S. dollars):					
Net income (loss)	¥2.98	¥(5.94)	¥(5.18)	$0.024	–
Cash dividends	3.00	3.00	3.00	0.024	–
Number of shares outstanding	1,442,724,240	1,442,719,399	1,442,719,399	–	–

Notes: 1. Years ended March 31, 1997, 1996 and 1995.
2. U.S. dollar amounts in this report are translated from yen, for convenience only, at the rate of US$1.00=¥124.10.

"SPEED-21" embraces many other goals, all on a nonconsolidated basis. We plan to reduce employment in administrative functions by about 500 through attrition. However, to support growth on international routes, we plan to raise total employment to 15,810, 7.9 percent more than at present. Additionally, we will add 53 new aircraft to our fleet, mainly the B777-300, as well as the A321-100. This will result in a fleet of 152 by March 2002, 20 more than now. Profits will accompany this growth. Plans call for generating ¥30 to ¥35 billion annually in ordinary income, which is operating income less interest expenses. This will allow us to sustain growth and a stable cash dividend.

Airport Expansion in Japan

In December 1996, the Japanese government released its five-year plan for upgrading the nation's airports. New runways at Narita and Haneda are two central elements. Overall, ANA projects that airport expansion will significantly raise domestic and international capacity in Japan over the next five years. With the full deregulation of domestic routes imminent, ANA will have many opportunities to add flights and boost revenues.



The new runway at Haneda went into service in March 1997 and in July Haneda began 24-hour operations. This runway increased daily take-offs and landings by 40, and ANA received about one-fourth. Preference was given to competitors, including newly formed airlines that have not yet begun flying. ANA's share of Haneda flights fell from 48.9 to 46.2 percent, including provisional slots. One possibility for use of Haneda's 24-hour capability is late-night charter flights to Guam, Saipan and Asia. Such flights would boost aircraft utilization. They may also lay the groundwork for bringing scheduled international service back to Haneda, something ANA has long urged.

At Narita, ANA's late entry into the international market places us at a distinct disadvantage. In particular, limited capacity prevents us from competing effectively on many routes. A second runway at Narita is slated for completion in a few years. This will probably raise annual capacity by about 100,000 to 220,000 takeoffs and landings. ANA hopes that later entrants will receive preference at Narita, just as they did at Haneda, when these slots are allocated.

The most ambitious element of the government's five-year plan is a new metropolitan airport in the Tokyo area. Current projections indicate that Haneda will reach full capacity early in the next century. Feasibility studies have already been started to determine a suitable location.

The Dynamics of Deregulation

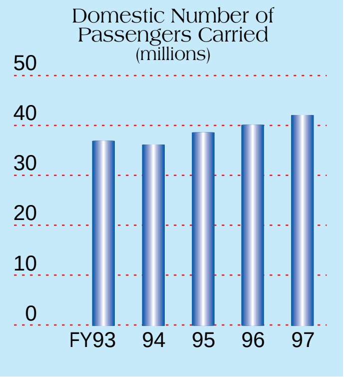
In June 1996, many restrictions on domestic air fares were lifted. Airlines became free to set fares anywhere within a pre-determined range. Companies need only notify authorities of any revisions. In response, ANA introduced many new fares. Passengers gained the freedom to choose from many discounts. ANA gained the flexibility to set fares that reflect market conditions and help reduce fluctuations in travel demand. We realized that average fares would fall. But we believed that growth in passengers and aircraft utilization would raise total revenues and earnings. The first year of operations under this new system is over, and the numbers are in. ANA's domestic passenger airline revenues rose 2.5 percent. Passengers were up 5.0 percent. As expected, higher demand more than outweighed the decline in fares.

Operating Data:

	1997	1996	1995	Change (%)
Domestic				
Available seat kilometers (thousands)	54,158,599	52,621,759	50,026,156	2.9
Revenue passenger kilometers (thousands)	34,435,313	32,444,838	30,897,683	6.1
Passenger load factor	63.6%	61.7%	61.8%	1.9 pt.
Number of routes	151	136	132	11.0
Number of flights	258,765	254,162	241,749	1.8
Number of passengers carried (thousands)	42,100	40,088	38,676	5.0
International				
Available seat kilometers (thousands)	23,532,481	19,646,283	15,754,595	19.8
Revenue passenger kilometers (thousands)	15,931,829	13,572,075	10,957,947	17.4
Passenger load factor	67.7%	69.1%	69.6%	–1.4 pt.
Number of routes	38	34	28	11.8
Number of flights	14,041	11,686	8,659	20.2
Number of passengers carried (thousands)	2,724	2,338	1,748	16.5

Notes: 1. Years ended March 31, 1997, 1996 and 1995.
2. Numbers of international routes and flights do not include Air Nippon.
3. All figures in the above table do not include Air Hokkaido.

The Japanese government is now considering the elimination of limits on entry to domestic routes as well as limits on minimum fares and discounting. This would undoubtedly lead to still lower fares. ANA stands ready to take advantage of these developments to attract more passengers and raise revenues. However, more actions are needed to facilitate the further lowering of fares. Japan's airport landing and utilization fees are among the world's highest and fuel taxes are also high. We estimate that these expenses account for 22 percent of the price of a full-fare ticket. ANA is urging the government to reduce these expenses so that fares can become even more competitive.



Fair Competition Over the Pacific

On routes between Japan and the United States, there are two categories of carriers, incumbent and MOU, which stands for "memorandum of understanding." Having entered this market at a relatively late stage, ANA is an MOU carrier. The resulting restrictions severely limit our ability to serve the huge Japan-U.S. market, where 85 percent of passengers are Japanese. There are three incumbent passenger carriers: Northwest, United and JAL. Together, they have an 80 percent market share. Fair competition is impossible under this situation. At the bilateral air transportation treaty talks now under way, Japan is proposing the classification of ANA as an incumbent carrier. We hope to achieve this status as soon as possible.

New Management Team

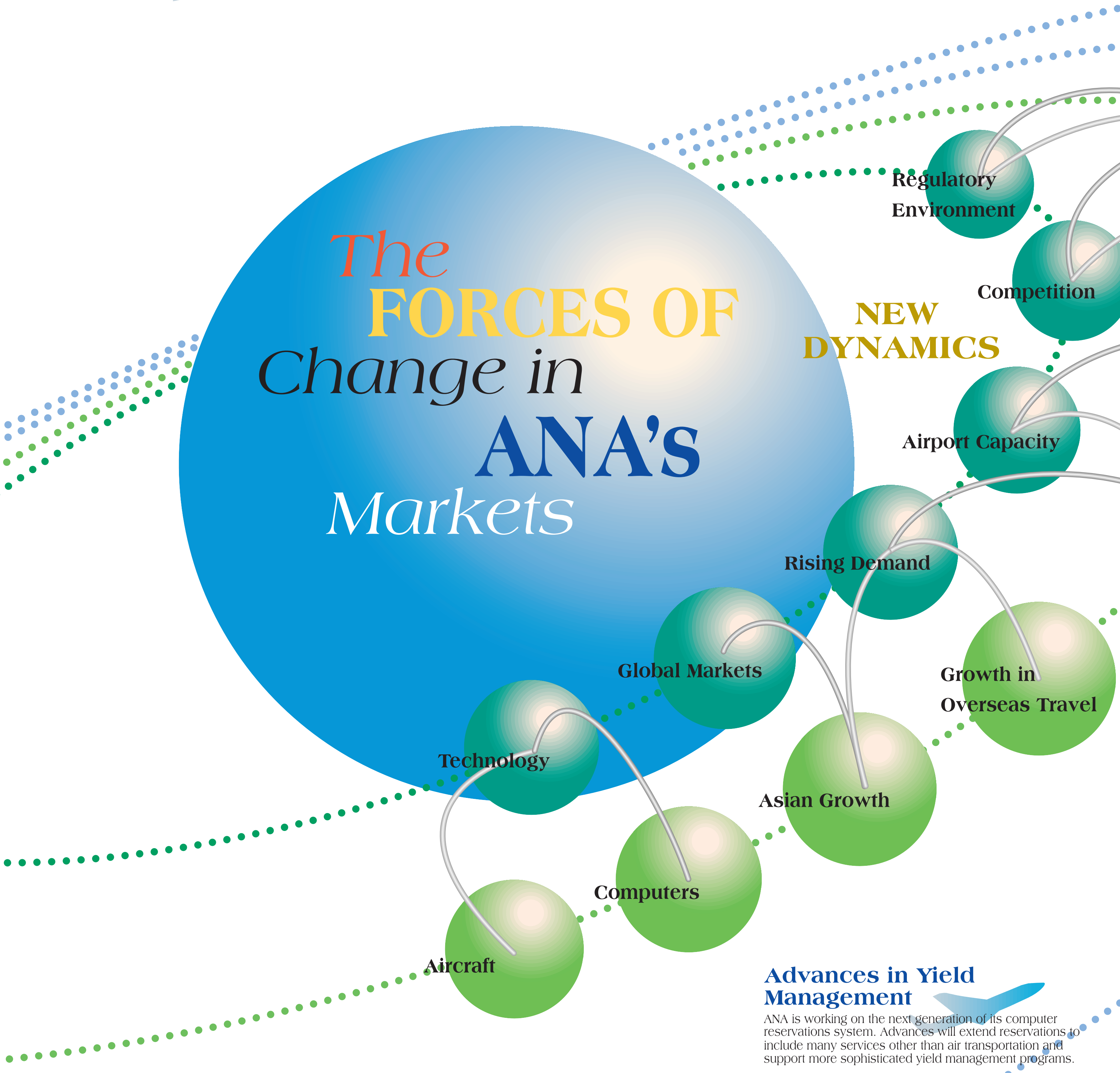
At the June 1997 general meeting, ANA's shareholders approved the appointment of a new management team led by Kichisaburo Nomura as president and chief executive officer. On behalf of the directors, I want to thank shareholders for this vote of confidence and ask for your continued support. In addition, we are very appreciative of the many years of dedicated service given by retiring directors. These individuals played a central role in formulating and implementing a number of dramatic structural reforms at ANA in recent years. We want to extend special thanks to Tokuji Wakasa, Takaya Sugiura and Seiji Fukatsu, who retired from the posts of honorary chairman, chairman and president, respectively.

With a new management team in place, we are rededicating ourselves to achieving the best possible performance for ANA and members of the ANA Group.

Kichisaburo Nomura
President and Chief Executive Officer

August 1, 1997

The FORCES OF Change in ANA's Markets



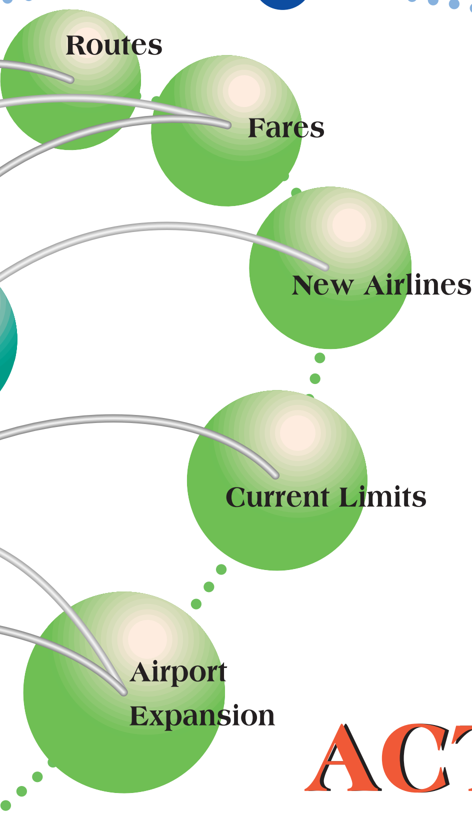
Advances in Yield Management

ANA is working on the next generation of its computer reservations system. Advances will extend reservations to include many services other than air transportation and support more sophisticated yield management programs.

Invest in Fuel-Efficient Aircraft

ANA maintains a sophisticated fleet with an average age of only 7.8 years as of March 1997. The addition of B777, A320 and other new aircraft is expected to lead to more reductions in fuel costs per seat kilometer.

ACTIONS AT ANA



Domestic Route Deregulation

Restrictions on entering domestic airline routes will be further reduced after April 1997. ANA plans to use this opportunity to increase service on high-volume routes, particularly from Haneda.

Transpacific Incumbent Status

Bilateral negotiations between Japan and the U.S. will probably result in ANA gaining incumbent carrier status. This will allow ANA to significantly increase service on high-volume transpacific routes.

Domestic Fare Deregulation

Japan is moving in stages toward complete deregulation of domestic airline fares. ANA is taking advantage of the new flexibility to attract more passengers, thus generating higher revenues even as average fares decline.

Higher Productivity

To ensure profitability in a deregulated environment, ANA is limiting growth in employment, negotiating a new salary structure, making increased use of contract employees and taking many other steps to boost efficiency.

More International Flights

Increasing the scale of international operations is critical to generating satisfactory earnings. ANA plans to raise international operations from 30 to 50 percent of non-consolidated available seat kilometers over the next five years. Narita's parallel runway will be a major part of this expansion.

Excellence in Passenger Services

To move away from price-based competition, ANA is constantly refining services. ANA's frequent-flier program covers domestic and international flights. Business and first-class cabins have more comfortable seating. Selected domestic flights have first-class cabins.

Concentrate on High-Density Routes

With airport capacity limited in Japan, ANA must use slots in the most productive manner. Route deregulation is already providing opportunities to realign some domestic flights.

More Off-Hour Flights

In July 1997, Haneda became a 24-hour airport. This is opening up more early-morning and late-night slots for domestic service, particularly on high-volume routes, and possibly international charter flights.

Add Flights at Haneda

Completion of a new runway at Haneda raised the number of takeoff/landings by 40. ANA received about one-fourth of the new capacity, and is able to select and alter the destinations for three new takeoff/landings.

New Domestic Routes

ANA Group member Air Nippon is using narrow-body jets to begin service on new routes linking smaller cities in Japan. This opens up a new pathway to growth in the Japanese air travel market.

Expand Service at Kansai

With 348 weekly flights, ANA is the dominant carrier at Kansai International Airport, which opened in September 1994. ANA added 18 weekly flights in 1996.

Enlarge Channels for Ticket Sales

As competition intensifies, ANA is expanding sales routes for tickets. One way is more effective use of the company's own travel agency. Another is nonconventional sales routes such as convenience stores and subway ticket windows.

Capture Market Share in Asia

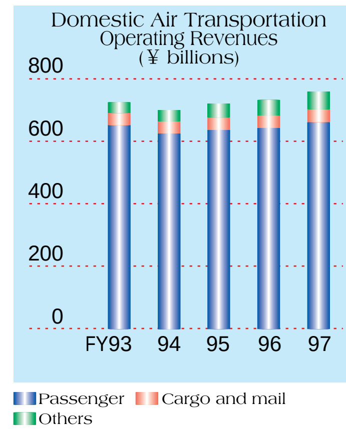
With 51 percent of its international flights serving mainland and Southeast Asian destinations, ANA is in an excellent position to expand with the world's fastest growing air transportation market. In November 1996, ANA raised Kansai-Shanghai frequency to six flights weekly.

Increase Cargo Revenues

Vibrant Asian economies are fueling rapid growth in air cargo shipments to and from Japan. ANA is strengthening ties with Nippon Cargo Airline Co., Ltd. (NCA), a Japanese cargo airline. One result was the 1996 initiation of nonscheduled cargo service to China using leased NCA aircraft.

AIR TRANSPORTATION
Domestic Operations

Overview



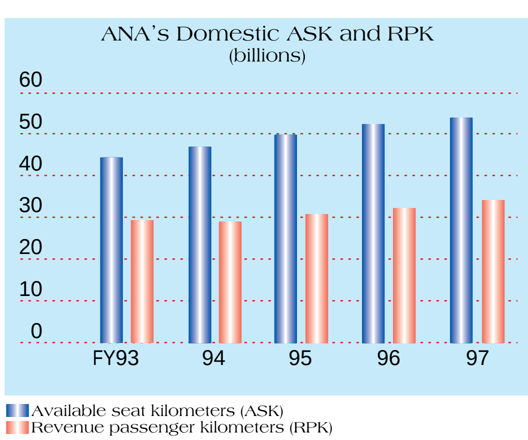
The domestic air transportation market underwent significant changes during the past year as deregulation progressed. ANA took advantage of opportunities by introducing a new fare system in June 1996. Additional discounted fares stimulated new demand, while peak-season fares helped move some demand away from the most congested periods. Overall, new fares had the effect of reducing the domestic passenger yield from 19.9 to 19.2 ¥/ RPK. Additionally, ANA increased frequency on existing routes and started service on new ones. At Haneda, no route additions were possible due to limited capacity. However, the March 1997 completion of a new runway has opened the way to adding flights later in 1997.

Regulations limiting the number of competitors on a particular route were eased in 1996, and then eliminated altogether in 1997. Competition has quickly intensified. During the past fiscal year, competitors began service on seven of ANA's domestic routes, while ANA began service on 16 routes. In July 1997, Haneda commenced 24-hour operations. This will enable ANA to raise the number of its daily flights by four compared with the previous year in the peak travel season of August. Furthermore, in April 1997, ANA became the first Japanese airline to apply its international frequent flier program to domestic flights. With this move, ANA renamed its program ANA Mileage Club.

Passenger Transportation

ANA again expanded its domestic route network during the year. New ANA services included Niigata-Hakodate, Hiroshima-Hakodate, and Hiroshima-Aomori in April 1996, with Fukuoka-Akita added in June, and Fukuoka-Kushiro in July. September 1996 saw the commencement of a new Sendai-Matsuyama route, followed in October by Kansai-Niigata and Kansai-Toyama. Subsidiary Air Nippon inaugurated service on eight routes. Frequency on several existing routes was raised as well. This resulted in a 2.9 percent increase in domestic seat kilometers for the fiscal year.

In June 1996, ANA began offering different fares for normal, peak and off-peak periods. At the same time, a number of discount fares were launched. This system generally achieved the goal of stimulating demand while evening out such demand among the different seasons. For the year, domestic passengers were up 5.0 percent to 42,100 thousand. Significantly, growth exceeded the rise in seat kilometers. As a result, domestic passenger revenues rose 2.5 percent to ¥661,860 million.



Cargo and Mail

ANA depends entirely on its passenger flights to handle cargo on domestic routes. Expansion of the passenger route network thus creates opportunities to generate higher cargo revenues. During the past fiscal year, ANA benefited from solid orders from many clients. Computers and other information processing equipment, computer games and parcels were major sources of income. In the second half of the year, this was augmented by a rebound in revenues from perishable goods. A new cargo rate schedule was introduced in June 1996 along with the new passenger fares. ANA used this opportunity to conduct a high-profile sales campaign. As a result, domestic cargo, including bags, advanced 4.7 percent to 402 thousand tons, generating revenues of ¥29,710 million, an increase of 3.6 percent. Mail revenues decreased 0.9 percent to ¥10,269 million and volume fell 1.1 percent to 71 thousand tons.

OTHERS

Revenues classified as others are mainly derived from ground support services provided to foreign airline companies. ANA conducts aircraft maintenance, passenger check-in, baggage handling and other services. In the past fiscal year, ANA had ground support service contracts with 26 airlines at 12 locations. Inflight sales of merchandise are another component of this sector, and one that ANA is aggressively promoting. Overall, revenues rose 12.2 percent to ¥58,635 million.

Introduction of new fares and rising competition prompted higher demand for domestic air travel, as Japan's economy posted a gradual recovery. With regulations receding and capacity rising at Haneda, ANA has numerous opportunities to raise its profile on domestic routes.

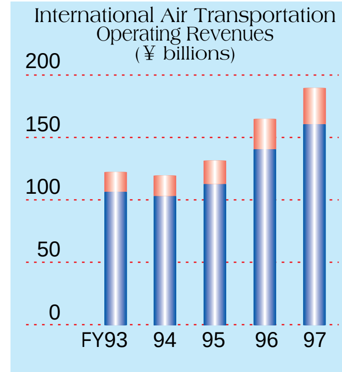
Left: Expansion continues at Tokyo's Haneda Airport, which accounts for about 60 percent of all domestic air passenger travel. A new runway was completed in March 1997, and the airport began 24-hour operations in July.

Center: ANA Mileage Club was the first frequent-flier program in Japan to credit both domestic and international flights.

Right: Package tours to Hokkaido ski areas are an important source of passengers during the winter. This "Snoopy-liner" helped raise ANA's profile in this market between December 1996 and March 1997.

AIR TRANSPORTATION
International Operations

Overview



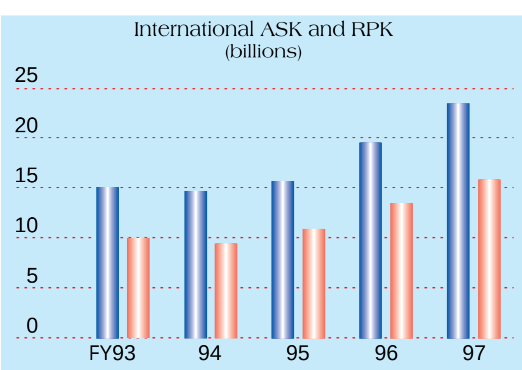
Passenger Cargo and mail
Note: Air Nippon began international service in 1995.

ANA has been steadily expanding its international network in recent years. Much of this growth has come from routes serving Kansai International Airport, which opened in September 1994. As of March 1997, ANA had 155 scheduled international departures weekly from Japan. Of these, 72 were from Narita and 69 from Kansai. As the company added flights, passenger volume rose in all three major markets: Asia/Oceania, transpacific and Europe. The Atlanta Olympics made growth to the United States especially strong. The number of first class passengers increased by 28.3 percent. Seats that recline 180 degrees ("The Fullflat Seat"), which ANA began installing in June 1996, were a major factor in this growth. "Club ANA" business class also drew more passengers, one reason being the ongoing switch to special seats with 50 inches of leg room. The air cargo market was aided by higher exports from Japan as the yen weakened. However, this was offset by softness in the global semiconductor market and the fall in imports to Japan which also accompanied the yen's depreciation.

Passenger Transportation

ANA carried 2,724 thousand passengers on international flights during the past fiscal year, an increase of 16.5 percent. This is the result of a 12.5 percent rise to 482 thousand on transpacific routes, a 20.2 percent rise to 554 thousand on European routes, and a 12.6 percent rise to 1,689 thousand on Asia/Oceania routes.

Continuing expansion of services resulted in a 19.8 percent rise in international seat kilometers to 23,532 million km. Newly introduced services linked Kansai to Yangon in July 1996, and to Mumbai (Bombay) in September 1996. Also in September Kansai-Frankfurt-Rome and Kansai-Milan-Rome routes were inaugurated. Additionally, joint operating agreements enabled ANA to begin Kansai to Vienna flights in April 1996 and Kansai to Vancouver flights in August. In October the Narita-Bangkok service was extended to Delhi and service from Narita to Jakarta-Denpasar was commenced. In February 1997, service was resumed between Nagoya and Honolulu.



Available seat kilometers (ASK)
Revenue passenger kilometers (RPK)
Note: Air Nippon is included in fiscal 1996 and 1997 figures.

Effective marketing programs complemented the growth in the route network. During the year, ANA enhanced its frequent-flier program. Additionally, the company launched the "Welcome Bonus Campaign" for international passengers who join the frequent flier program. By introducing 180-degree reclining seats and 83 inches of legroom, ANA made its first-class cabin even more enticing. The combination of more flights and effective programs to attract passengers resulted in a 14.2 percent increase in international passenger revenues to ¥161,141 million.

In 1996, ANA began installing new first-class seats on 747-400 and 747-LR aircraft. The seats are spaced 83 inches apart and recline to a completely flat position.

Cargo and Mail

International cargo volume, including bags, was up 13.7 percent to 116 thousand tons, and revenues advanced 21.1 percent to ¥27,315 million. Much of this growth was due to rising exports from Japan of computers and other information processing equipment, automotive materials, and computer games. ANA conducted aggressive sales campaigns, particularly for newly established routes, and enhanced customer services. To meet rising demand in China, ANA leased a cargo liner for nonscheduled flights. Mail revenues rose 12.7 percent to ¥1,402 million on a 2.7 percent increase in volume to 5 thousand tons.

Japan's international air travel market is on the verge of significant growth. A second runway at Narita and a new U.S.-Japan treaty will likely reshape market dynamics. ANA plans to raise international seat kilometers from 30 percent to half of its nonconsolidated capacity over the next five years.

Left: In the year through March 1997, 16,844 thousand Japanese travelers boarded international flights leaving Japan. This is 5.3 percent more than in the previous year, and an all-time high. Growth in business and other travelers outpaced tourists as Japan's economy recovered.

Center: During the past fiscal year, ANA operated a total of 12 nonscheduled cargo flights between Japan and China. Major cargo categories were machinery and electronic components from Japan and textiles and perishable goods from China.

Right: Primarily a domestic airline, subsidiary Air Nippon operates one round trip daily between Fukuoka and Taipei through a joint operation agreement with EVA Airways Corp.

OTHER BUSINESSES

Overview

The ANA Group is active in a variety of fields that tie in with airline operations. Reflecting the scale of these operations, the ANA Group has 13,924 employees other than those at the parent company and Air Nippon. The aim of all activities is to draw on mutual strengths with airline and other activities to become more competitive and support growth. For the fiscal year ended March 31, 1997, other businesses were conducted by the parent company, 40 consolidated subsidiaries and 36 equity-method affiliates. Major business fields are resorts and hotels, travel agency services, and flight support services. Another key element is new businesses, such as information processing and communications services.

The ANA Group's corporate restructuring program has led to steady improvements in the operating base for other businesses. Many initiatives within this program have been aimed squarely at the bottom line. This included substantial expenses to close down unprofitable operations in the prior fiscal year. The results have been clear: ANA returned to

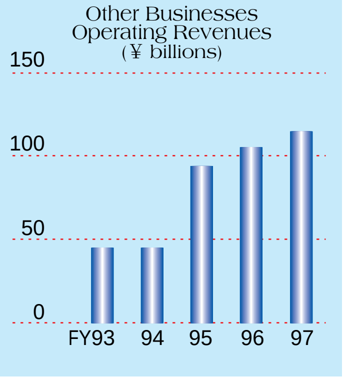
Other businesses target activities that can benefit most from ANA's extensive airline network. Hotels are one of the largest such operations. The global ANA hotel group, currently has 8,020 rooms in Japan and 6,732 rooms overseas.

Left: In October 1996, the ANA Gate Tower Hotel Osaka held its grand opening. Raising to 29 the number of ANA hotels in Japan, this new 361-room facility is only a short distance from Kansai International Airport.

Center: The spectacular ANA Hotel Sydney, with 573 rooms, has been extending top-class hospitality since November 1992.

Right: ANA IHI Aeroengines Co., Ltd. was certified by the U.S. Federal Aviation Administration as a jet engine repair station in December 1996, only three years after its establishment.

consolidated profitability for the first time in five years. Operating income of other businesses for the year more than tripled to ¥4,007 million.



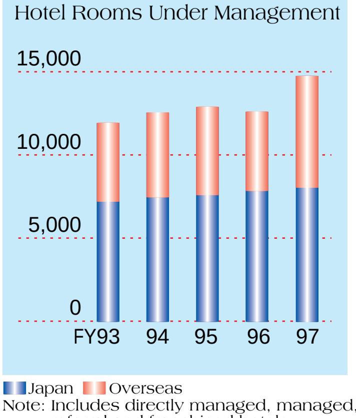
Hotel Operations

Hotel operations are the largest component of revenues from other businesses. As of March 1997, the ANA Group had 11 subsidiaries and 9 equity-method affiliates engaged in this business sector. ANA Enterprises, Ltd. is the largest of these companies, operating a chain of ANA hotels in Japan and overseas. There are 29 hotels with 8,020 rooms in Japan and 14 hotels with 6,732 rooms overseas. Of these hotels, two are directly managed, 26 are operated under management contracts, 13 under referrals and two under franchise agreements.

The number of ANA hotels rose by five during the past fiscal year, all in October 1996. In Japan, the ANA Gate Tower Hotel Osaka, which is located near Kansai International Airport, held its grand opening. Overseas, the Royal Pines Resort Gold Coast in Australia and the three hotels in the Imperial Group of Thailand joined the ANA family.

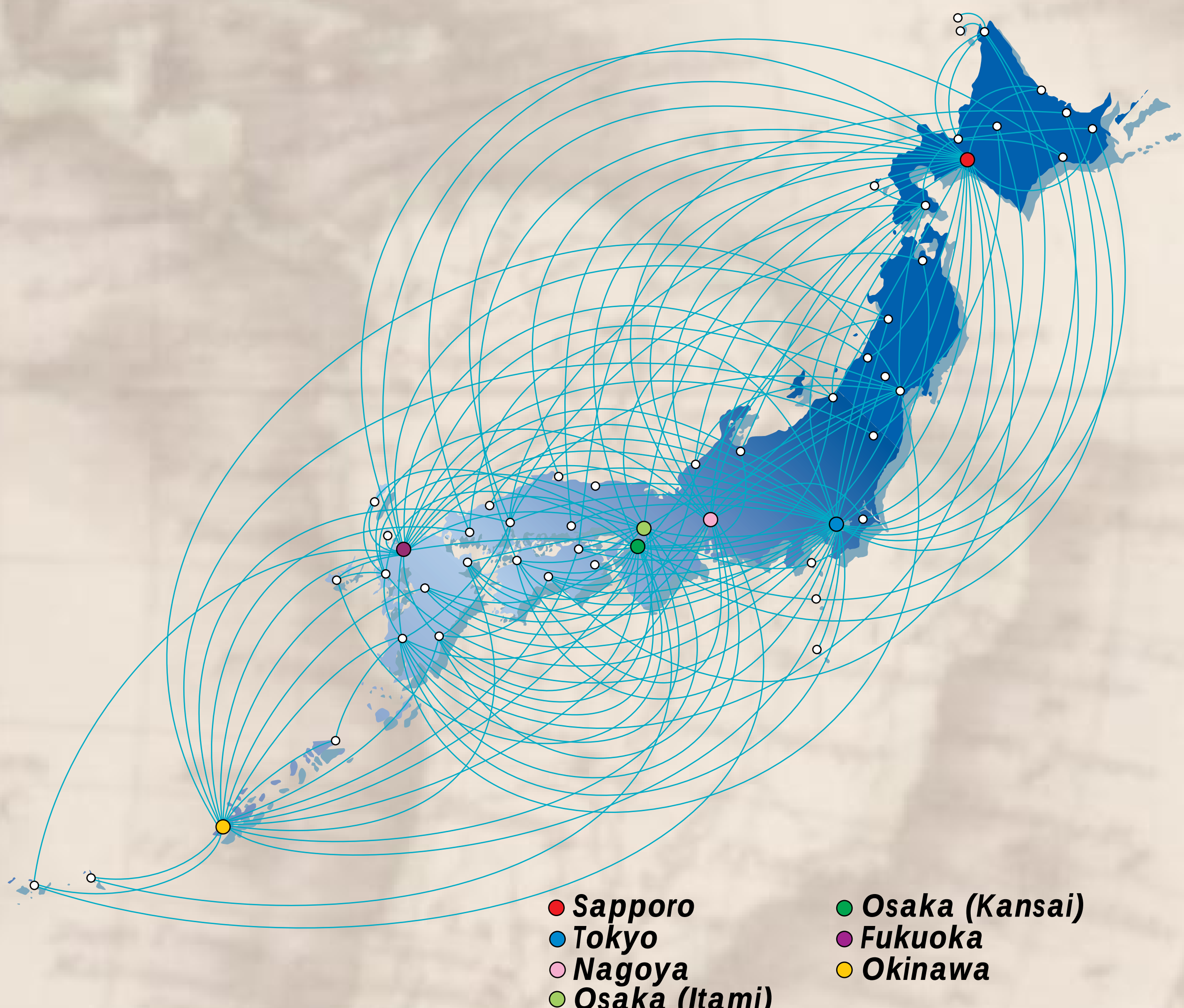
Flight Support

ANA has 22 consolidated subsidiaries and equity-method affiliates engaged in flight support services. including aircraft maintenance, computer reservations systems (CRS) and ground services. INFINI Travel Information, Inc., a joint venture with Abacus Distribution Systems Pte Ltd in Singapore, became Japan's first independent CRS firm upon its establishment in 1990. INFINI extends an on-line service to travel agents by sharing ANA's international reservations system host computer, communications network and software. The company also plans and implements data services catering to the marketing strategies of participating airlines. In 1996, INFINI established the "INFINI Club" with Tokyo and Osaka area travel agents as members. In addition, the newly operational "INFINI AirPlus" moves away from the booking of airline seats alone to offer wholesalers package tours and hotel reservations. Adding still more value to the CRS, the company initiated "INFINI INFOMAP" as well as other services to attract more customers.

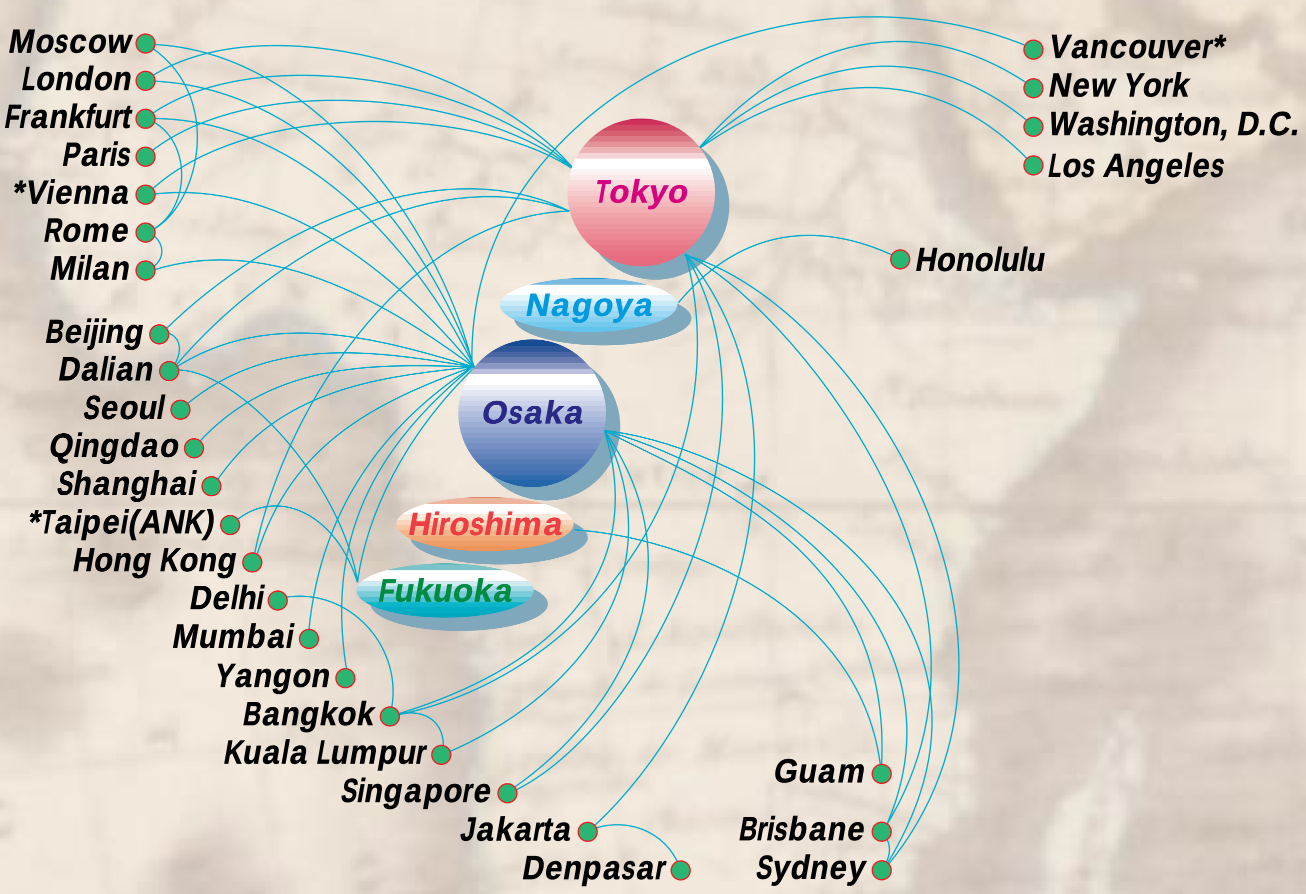


Note: Includes directly managed, managed, referral and franchised hotels.

Domestic Network



International Network



*Joint flight
As of July 1997

ANA's Fleet Composition

FY1997

Boeing 747-400	18
Boeing 747-100SR	14
Boeing 747-200B	6
Boeing 777-200	6
Boeing 767-300	40
Boeing 767-200	25
Boeing 737-500	8
Boeing 737-200	8
Airbus A320-200	23
YS	14
Total	162

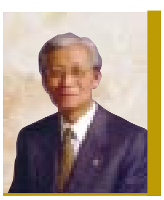
Note: Does not include aircraft leased by ANA to Air Hokkaido.

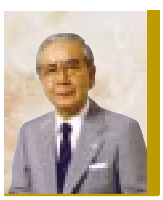
BOARD OF DIRECTORS AND CORPORATE AUDITORS

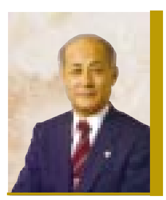

Kichisaburo Nomura
President & Chief Executive Officer

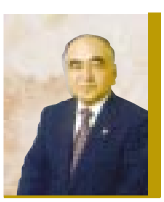

Ryogo Inoue
Senior Executive Vice President


Hiroshi Sakabe
Senior Executive Vice President


Mitsuo Iijima
Senior Managing Director


Kazuhiko Komiya
Senior Managing Director


Shinji Nakajima
Senior Managing Director


Masahiro Kinoshita
Senior Managing Director


Mitsuo Ota
Senior Managing Director


Osamu Nagahata
Senior Managing Director


Koji Yamashita
Senior Managing Director


Kenichi Sugihara
Senior Managing Director


Tetsuya Kubo
Senior Managing Director


Masayuki Sawada
Senior Managing Director

DIRECTORS

President & Chief Executive Officer

Kichisaburo Nomura

Senior Executive Vice Presidents

Ryogo Inoue

Hiroshi Sakabe
Flight Operations, Engineering & Maintenance

Senior Managing Directors

Mitsuo Iijima
Executive Office

Kazuhiko Komiya
Finance & Accounting

Shinji Nakajima
Government Affairs, Airport Affairs

Masahiro Kinoshita
Computer & Communications Services

Mitsuo Ota
Associated Businesses Development

Osamu Nagahata
Marketing & Sales

Koji Yamashita
General Manager, Eastern Japan (Tokyo Sales Office)

Kenichi Sugihara
General Manager, Western Japan (Osaka Sales Office)

Tetsuya Kubo
Engineering & Maintenance

Masayuki Sawada
Safety Promotion, Environment Affairs

Managing Directors

Yoshiyuki Nakamachi
Corporate Planning

Yoji Ohashi
Personnel & Employee Relations

Kiyoshi Nakagawa
Airport Operations & Services, In-flight Services

Isao Yagi
General Affairs

Takeshi Kawahara
Flight Operations

Senior Directors

Chukichi Ota
Engineering & Maintenance

Wataru Kubo
General Manager, Europe (London Office)

Isamu Komatsu
General Manager, Osaka Airport Office

Yasuyuki Nishikawa
General Manager, Fukuoka Sales Office

Motohiro Higashisono
General Manager, Sapporo Sales Office

Yasushi Morohashi
Purchasing & Facilities

Kazuhisa Shin
Network Management

Hirojiro Kataoka
General Manager, Narita Airport Office

Kinya Murayama
General Manager, Tokyo Airport Office

Keisuke Fukunaga
General Manager, Nagoya Sales Office

Yoichi Kubota
In-flight Services

Manabu Ouchi
Flight Operations

Yuzuru Maki
Marketing & Sales

Jiro Miyake
General Manager, The Americas (New York Office)

Koichiro Ono
Personnel & Employee Relations

Kazuo Kaneko
General Manager, Asia & Oceania (Beijing Office)

Seitaro Taniguchi

Yoshinori Ueyama

CORPORATE AUDITORS

Kyoshiro Kawai

Hidehiko Nojima

Yoshiro Ito

Shigeru Ono

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONSOLIDATED)

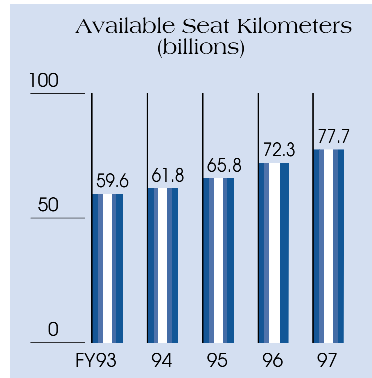
Overview

In ANA's fiscal year 1997, which ended March 31, 1997, Japan's economy remained on a course of gradual recovery. Activity was supported by solid private-sector capital expenditures and housing investments, which offset lackluster consumer spending. Japan's airline industry benefited from solid demand on both domestic and international routes.

ANA's domestic seat kilometers rose 2.9 percent in fiscal 1997 as the parent company and Air Nippon inaugurated service on 16 new routes. The parent company added four B777-200, two B767-300 and one A320 aircraft to its fleet to support this growth. Air Nippon added five B737-500 aircraft to its fleet. In terms of numbers of passengers, ANA accounted for 51.2 percent of Japan's domestic air passenger transportation market in fiscal 1997, compared with 51.6 percent in fiscal 1996.

International seat kilometers increased 19.8 percent as service began on several routes. During the year, ANA added six destinations from Kansai, mainly in Asia and Europe. From Narita, flights to Delhi via Bangkok and Denpasar via Jakarta were inaugurated.

Expansion of the route network, in concert with aggressive marketing efforts, resulted in a 5.0 percent increase in domestic passengers to 42,100 thousand and a 16.5 percent increase in international passengers to 2,724 thousand. This growth was mainly responsible for a 5.6 percent increase in operating revenues to ¥1,021,742 million. Net income was ¥4,298 million, ANA's first consolidated profit in five years. This was due to higher earnings at the parent company, the absence of restructuring charges recorded in fiscal 1996, and improvements in the performances of several major consolidated subsidiaries. Cash dividends per share applicable to fiscal 1997 were maintained at ¥3.00, resulting in total dividend payments of ¥4,328 million.



Growth in international flights, mainly to Asian destinations, has been responsible for much of the increase in seat kilometers in recent years.

Results of Operations

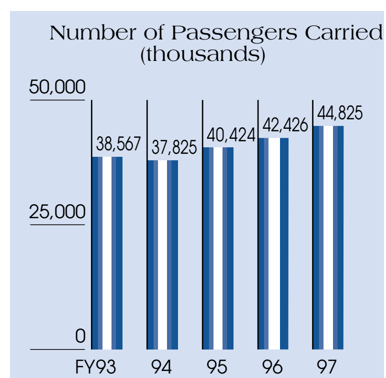
Operating Revenues

Consolidated operating revenues were up 5.6 percent to ¥1,021,742 million.

Years ended March 31,	1997	1996	Change (%)	Share (%)
	(¥ millions)			
Passenger	¥ 793,184	¥759,324	4.5	77.6
Cargo	56,432	50,770	11.2	5.5
Incidental and other	172,126	157,208	9.5	16.9
	¥1,021,742	¥967,302	5.6	100.0

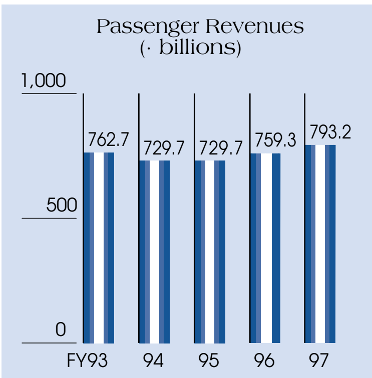
Passenger:

Domestic and international passenger revenues increased 4.5 percent over the previous year to ¥793,184 million. The addition of flights on new routes at the parent company and Air Nippon were responsible for most of this growth. In terms of revenue passenger kilometers (RPK), domestic routes rose 6.1 percent to 34,435 million km and international routes increased 17.4 percent to 15,932 million km. The domestic load factor rose by 1.9 percentage points to 63.6 percent and the international load factor slipped 1.4 percentage points to 67.7 percent.



Expanded international service and domestic demand stimulated by the introduction of discounted fares were behind the fiscal 1997 rise in passengers carried.

Cargo:
Consolidated cargo revenues increased 11.2 percent to ¥56,432 million. ANA aggressively promoted cargo services, particularly on newly established international routes, benefited from strong demand for air shipments to and from China, and operated chartered cargo flights using leased cargo aircraft. Computers and other data processing equipment, automotive parts and home video games were the major sources of growth on international routes.



Consolidated passenger revenues increased 4.5 percent, compared with a 4.1 percent increase in the prior fiscal year. Most growth came from international routes.

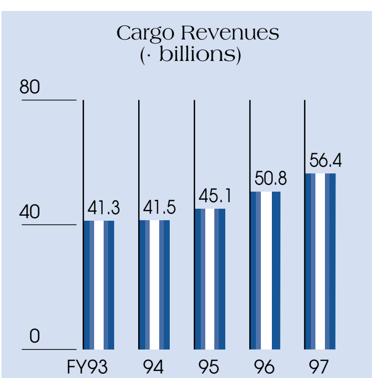
Incidental and other:
Revenues climbed 9.5 percent to ¥172,126 million primarily because of the positive effect of foreign exchange movements on revenues from overseas operations. Major components of these revenues are aircraft maintenance and subcontracted ground support services for foreign airlines. Typical ground support services include check-in, baggage handling, aircraft servicing and bus transportation to and from aircraft. As of the fiscal year-end, ANA had servicing contracts with 26 airlines at 12 domestic airports. In-flight sales, another component of these revenues, increased during the year as ANA continued to place emphasis on this activity.

On a parent-company basis, operating revenues increased 4.9 percent to ¥887,406 million.

	(¥ millions)			
Years ended March 31,	1997	1996	Change (%)	Share (%)
Passenger	¥762,789	¥733,285	4.0	86.0
Cargo	55,069	49,442	11.4	6.2
Incidental and other	69,547	63,246	10.0	7.8
	¥887,406	¥845,973	4.9	100.0

Operating Expenses

Consolidated operating expenses in fiscal 1997 were ¥1,001,149 million, 6.6 percent more than in the prior fiscal year.



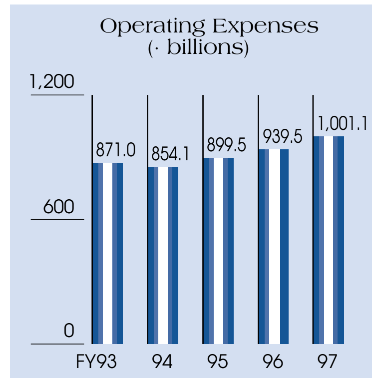
Consolidated cargo revenues rose 11.2 percent as ANA increased services to and from China and took several steps to promote cargo services more effectively.

	(¥ millions)		
Years ended March 31,	1997	1996	Change (%)
Aircraft	¥ 374,900	¥338,962	10.6
Services	309,574	290,196	6.7
Reservations, sales and advertising	169,659	153,104	10.8
General and administrative	50,983	56,053	(9.0)
Depreciation and amortization	68,265	73,548	(7.2)
Other costs	27,768	27,684	0.3
	¥1,001,149	¥939,547	6.6

The increase in aircraft expenses is the result of a 14.5 percent increase in aircraft and flight operation expenses to ¥265,801 million, mainly due to a rise in fuel costs, and a 2.2 percent rise in aircraft maintenance expenses to ¥109,099 million. Services represent in-flight services of ¥77,994 million, up 11.0 percent, and flight control and ground handling of ¥231,580 million, up 5.3 percent. Reservations, sales and advertising were up mainly because of higher sales commissions. The decrease in general and administrative expenses was due to declines in employee housing expenses, directors' bonuses and certain taxes. Depreciation and amortization was down mainly because of lower aircraft depreciation expenses.

On a nonconsolidated basis, operating expenses rose 6.2 percent to ¥869,391 million.

	(¥ millions)		
Years ended March 31,	1997	1996	Change (%)
Aircraft	¥329,615	¥297,960	10.6
Services	285,253	268,697	6.2
Reservations, sales and advertising	130,568	119,642	9.1
General and administrative	42,485	47,174	(9.9)
Depreciation and amortization	61,292	66,948	(8.4)
Other costs	20,176	18,241	10.6
	¥869,391	¥818,665	6.2



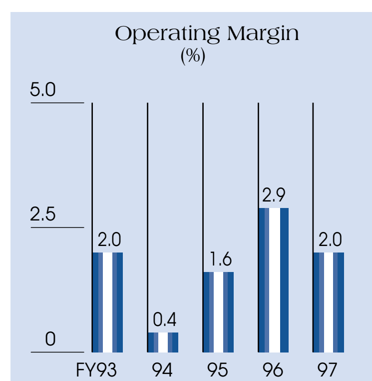
A significant rise in fuel costs during the fiscal year was the main reason for growth in operating expenses. This was offset to some degree to improvements in productivity.

In the aircraft category, aircraft and flight operation expenses were up 14.1 percent to ¥239,954 million as the cost of fuel rose and maintenance expenses rose 2.1 percent to ¥89,660 million. Growth in services is due to increases of 11.3 percent in in-flight services to ¥74,770 million and 4.4 percent in flight control and ground handling to ¥210,483 million. Reservations, sales and advertising were up mainly because of aggressive marketing activities to promote newly introduced domestic fares. The decrease in general and administrative expenses was due to much lower maintenance and repair expenses. The decline in depreciation and amortization is mainly attributable to lower aircraft depreciation expenses.

Segment Information

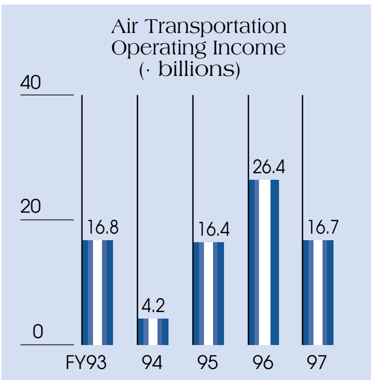
Consolidated results are divided into two segments: air transportation and other businesses, which are made up of hotel operations and other airline-related businesses. Segment operating income was as follows:

	(¥ millions)	
Years ended March 31,	1997	1996
Air transportation	¥16,736	¥26,399
Other businesses	4,007	1,241
Intercompany elimination	(150)	115
Consolidated operating income	¥20,593	¥27,755



The consolidated operating margin declined to 2.0 percent as operating expenses increased 6.6 percent, compared with a 5.6 percent rise in operating revenues.

The primary reason for the decrease in operating income was a 34.0 percent decline in parent company operating income to ¥18,015 million. As of March 31, 1997, ANA had 40 consolidated subsidiaries and 36 equity-method affiliates. The following is a summary of results of major subsidiaries. Refer to the ANA Investors' Guide for a detailed list of members of the ANA Group.



Higher fuel costs exerted pressure on airline operations during fiscal 1997, resulting in a significant decline in operating income. Productivity gains limited this decrease somewhat.

Air Transportation

Subsidiary Air Nippon operates on various local routes throughout Japan, including routes serving Japan's outer islands, as well as an international route between Fukuoka and Taipei. In fiscal 1997, this company's revenues rose 13.1 percent to ¥62,934 million as service was started on several new routes.

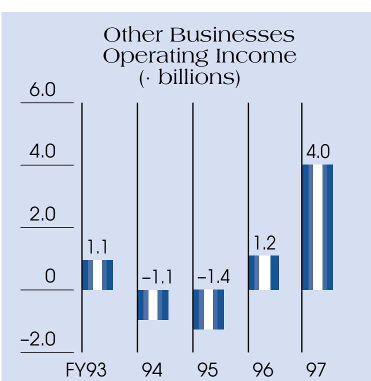
Other Businesses

Trading and Travel—Revenues in this business sector are generated by four consolidated subsidiaries, two more than in the prior fiscal year. The newly consolidated subsidiaries are all regional travel agents in Japan. ANA Trading Co., Ltd. is the largest component of trading and travel revenues. ANA World Tours Co., Ltd., another significant contributor, reported an 11.3 percent increase in revenues to ¥44,575 million. This performance is the result of the popularity of Hallo Tours and other travel packages.

Resorts and Hotels—ANA Enterprises, Ltd. (ANA Hotel Tokyo) is the largest of the eight consolidated subsidiaries in this business sector. Fiscal 1997 operating revenues decreased 0.3 percent to ¥29,888 million. Overseas, holding company ANA Hotels & Resorts (USA), Inc. reported operating revenues of ¥7,198 million, up 15.9 percent.

Flight Support—There are eight consolidated subsidiaries in this sector. At INFINI Travel Information, Inc., operating revenues declined 3.4 percent to ¥4,533 million as the company adopted a new computer system to allow serving an even broader client base.

New Business—ANA Information Systems Planning Co., Ltd. reported a 12.7 percent decline in operating revenues to ¥5,138 million.



Operating income more than tripled from the prior fiscal year due to better performances at hotel subsidiaries and flight support operations.

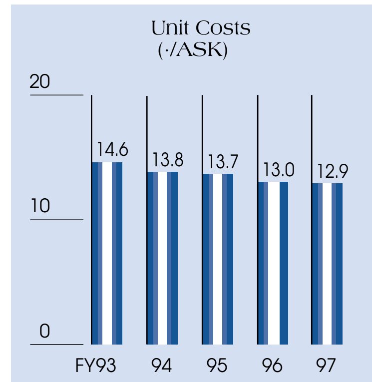
Segment Information by Region

ANA does not disclose operating revenues or income by region because overseas subsidiaries represented less than 10 percent of total operating revenues in both fiscal 1996 and 1997.

Capacity, Yields, Unit Costs and Load Factors

Available seat kilometers rose 7.5 percent to 77,691 million km, increasing 2.9 percent on domestic routes to 54,159 million km and 19.8 percent on international routes to 23,532 million km. Revenue passenger kilometers rose 9.5 percent to 50,367 million km, increasing 6.1 percent on domestic routes to 34,435 million km and 17.4 percent on international routes to 15,932 million km. The consolidated domestic passenger yield, which is measured in yen per revenue passenger kilometer, declined from 19.9 to 19.2 in fiscal 1997. This is mainly attributable to the introduction of a new fare structure in June 1996. Unit costs, which is measured in yen per available seat kilometer, were down by 0.1 to 12.9. The consolidated domestic load factor rose from 61.7 percent to 63.6 percent, and the international load factor declined from 69.1 percent to 67.7 percent.

On a parent-company basis, available seat kilometers increased 7.1 percent to 73,669 million km and revenue passenger kilometers were up 9.2 percent to 47,862 million km. This resulted in a 1.3 percentage point improvement in the passenger load factor to 65.0 percent. The domestic load factor rose by 2.2 percentage points to 63.7 percent and the international load factor declined 1.5 percentage points to 67.7 percent. The domestic passenger yield declined by 0.7 to 18.9, primarily because of the increasing use of discount fares. The international passenger yield was down 0.3 to 10.0. Unit costs decreased by 0.1 to 11.8 as growth in available seat kilometers exceeded the rise in corresponding expenses.

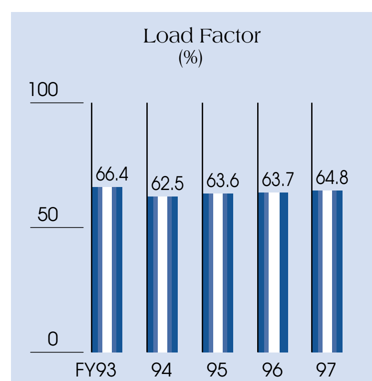


Gains in employee productivity and the introduction of fuel-efficient aircraft enabled ANA to extend its record of steady reductions in unit costs.

RPK and Load Factor by Route

	Revenue Passenger km (millions)		Load Factor (%)	
	1997	Change (%)	1997	Change (pt.)
Domestic	34,435	6.1	63.6	1.9
International	15,932	17.4	67.7	(1.4)
Asia/Oceania	5,966	13.8	66.1	(0.3)
Transpacific	4,701	11.6	72.2	2.3
Europe	5,266	19.8	65.8	(7.0)
Total	50,367	9.5	64.8	1.2

In fiscal 1997, domestic routes generated passenger revenues of ¥661,860 million, or 80.4 percent of total airline passenger revenues, and international routes generated passenger revenues of ¥161,141 million. Refer to the review of operations for more information on air transportation operations.



In fiscal 1997, ANA's domestic load factor increased to 63.6 percent while expansion of international service caused the international load factor to decline to 67.7 percent.

Employment and Productivity

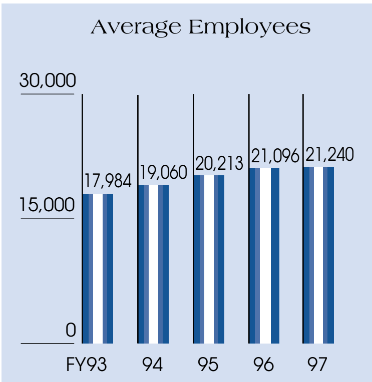
Average consolidated employment was 21,240 for the fiscal year ended March 31, 1997, a net increase of 144 from the previous fiscal year. This is the result of the growth in cabin crew at the parent company and Air Nippon. Employment by business segment is as follows:

Years ended March 31,	1997	1996	Change (%)
Airline	15,996	15,832	1.0
Non-airline	5,244	5,264	(0.4)
Total	21,240	21,096	0.7

Note: Airline employment does not include Air Hokkaido.

The following table summarizes changes in consolidated productivity as measured by available seat kilometers (ASK), revenue passenger kilometers (RPK), operating revenues and operating income per employee:

Years ended March 31,	1997	1996	Avg. employment
ASK per employee (millions)	4.9	4.6	15,996
RPK per employee (millions)	3.1	2.9	
Operating revenues per employee (¥ millions)	48	46	21,240
Operating income per employee (¥ millions)	1.0	1.3	



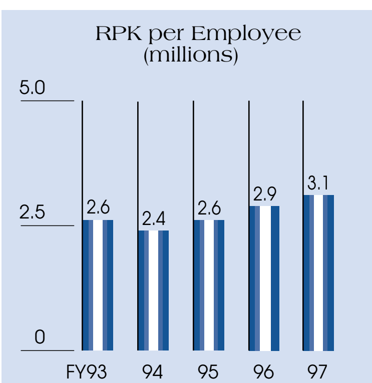
Total employment continues to rise gradually as ANA expands the scale of airline and other business activities. Programs to optimize productivity are holding growth to a minimum.

The parent company had 14,700 employees at the end of the fiscal year, largely unchanged from one year earlier. Employment by category is as follows:

March 31,	1997	1996	Change (%)
Home staff	8,078	8,296	(2.6)
Local staff	510	383	33.2
Cockpit crew	2,001	2,035	(1.7)
Cabin crew	4,111	3,935	4.5
Total	14,700	14,649	0.3

The following table summarizes changes in productivity at the parent company:

Years ended March 31,	1997	1996	Avg. employment
ASK per employee (millions)	5.0	4.7	14,675
RPK per employee (millions)	3.3	3.0	
Operating revenues per employee (¥ millions)	60	58	
Operating income per employee (¥ millions)	1.2	1.9	



Consistent gains in RPK per employee clearly illustrate how concerted efforts at ANA targeting efficiency are yielding concrete results.

Fuel-Efficiency Index and Aircraft Utilization (Nonconsolidated)

In fiscal 1997, ANA's domestic fuel-efficiency index was unchanged at 113. Compared with fiscal 1992, fuel efficiency has improved by 13.0 percent. Aircraft utilization on domestic and international routes improved by 0.3 percent to 2,767 hours per aircraft for the fiscal year.

Non-Operating Income (Expenses) and Net Income

Non-operating income (expense) resulted in a net expense of ¥7,737 million, down from a net expense of ¥24,183 million in the prior fiscal year. Interest and dividend income increased due to better earnings at affiliated companies. The higher gain on sale of property and equipment is attributable to asset sales at the parent company. Interest expenses declined as interest rates in Japan remained low and total interest-bearing liabilities fell. Other-net increased to ¥17,447 million because of a decline in losses on sales of securities at subsidiaries. Income before income taxes and equity in affiliates rose to ¥12,856 million, but income taxes were less than in the prior fiscal year because of lower taxes at the parent company. These factors resulted in net income of ¥4,298 million, or ¥2.98 per share. Cash dividends applicable to the fiscal year remained at ¥3.00.

Financial Position

Assets

As of March 31, 1997, total assets amounted to ¥1,267,716 million, 5.1 percent less than one year earlier. Current assets decreased 12.0 percent to ¥281,802 million. This was mainly due to decreases of 3.3 percent in cash and 42.4 percent in marketable securities at the parent company. Total investments and long-term receivables were down 19.5 percent to ¥159,103 million as the parent company transferred housing loans to employees to a third party. Net property and equipment increased 1.6 percent to ¥795,753 million, primarily because of growth in construction in progress at the parent company.

Liabilities and Shareholders' Equity

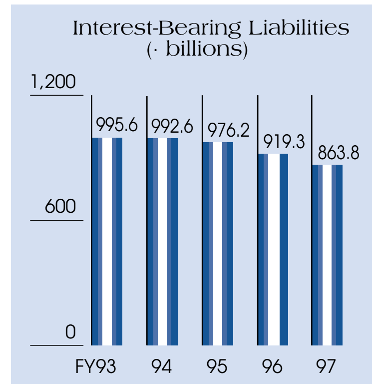
Current liabilities decreased 10.3 percent to ¥321,257 million. This was mainly the result of a substantial decline in the current portion of long-term debt. Total long-term liabilities decreased 3.8 percent to ¥802,197 million.

The parent company accounts for 81.8 percent of these liabilities. Due to the parent company's ongoing efforts to reduce debt, long-term loans were down by ¥95,359 million. As a result, loans accounted for 67.1 percent of the parent company's interest-bearing debt as of March 31, 1997. Most of these loans bear interest rates that are linked to the long-term prime rate and are for periods ranging from 10 to 15 years. Due to the large share of fixed rates on this debt, the fall in interest rates in Japan in recent years has not significantly reduced the parent company's interest expenses. With access to loans from financial institutions, bond issues, financing from the Japan Development Bank and other sources of funds, the parent company will continue to procure funds in the most advantageous manner. In June 1997, the parent company issued straight bonds and convertible bonds, resulting in the procurement of ¥65 billion.

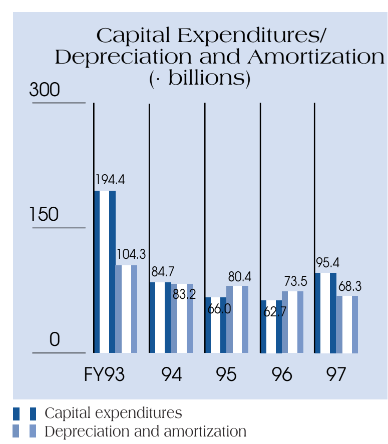
Consolidated shareholders' equity rose slightly to ¥137,759 million. Due to the decline in assets, the equity ratio rose from 10.2 percent to 10.9 percent.

Analysis of Cash Flows

Net cash provided by operating activities decreased by ¥12,338 million, to ¥82,045 million. This was mostly attributable to a decrease in trade accounts and notes payable and the inclusion in earnings of a substantial gain on sale of property and equipment. Net cash used in investing activities was down by ¥69,861 million to ¥26,910 million. Purchases of property and equipment rose 52.2 percent due to the acquisition of aircraft. This was offset largely by substantial volume of proceeds from sales of property and equipment, mainly at the parent company. Financing activities used cash amounting to ¥59,776 million as ANA continued to reduce interest-bearing liabilities. These activities resulted in a net reduction of ¥4,641 million in cash to ¥66,707 million.



ANA has been able to reduce interest-bearing liabilities even while making substantial investments in fleet expansion to support growth in domestic and international services.



During fiscal 1997, ANA's fleet of aircraft, including Air Nippon, increased from 155 to 162.

CONSOLIDATED BALANCE SHEETS

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
March 31, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
ASSETS	1997	1996	1997
Current assets:			
Cash	¥ 66,707	¥ 71,348	$ 537,526
Marketable securities	49,137	74,532	395,947
Accounts receivable, less allowance for doubtful accounts (¥605 million in 1997 and ¥516 million in 1996)	59,317	58,342	477,977
Accounts receivable from and advances to unconsolidated subsidiaries and affiliates	8,771	8,307	70,677
Aircraft spare parts and supplies	36,457	36,362	293,771
Prepaid expenses and other current assets	61,413	71,429	494,867
Total current assets	281,802	320,320	2,270,766
Investments and long-term receivables:			
Investments in securities	52,400	50,747	422,240
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 5)	23,425	22,759	188,759
Lease and guaranty deposits	19,078	18,884	153,731
Housing loans to employees	718	46,959	5,786
Other long-term receivables	63,482	58,384	511,539
Total investments and long-term receivables	159,103	197,733	1,282,055
Property and equipment (Note 6):			
Flight equipment	866,608	921,881	6,983,143
Ground property and equipment	612,933	590,631	4,939,025
	1,479,541	1,512,512	11,922,168
Less accumulated depreciation	(766,091)	(794,997)	(6,173,175)
	713,450	717,515	5,748,993
Advance payments on aircraft purchase contracts	70,882	56,748	571,168
Construction in progress	11,421	9,062	92,031
Net property and equipment	795,753	783,325	6,412,192
Other assets	31,058	34,099	250,266
Total assets	¥1,267,716	¥1,335,477	$10,215,278

See accompanying notes to consolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen (Millions) 1997	Yen (Millions) 1996	U.S. dollars (Thousands) (Note 4) 1997
Current liabilities:			
Short-term loans (Note 6)	¥ 146,260	¥ 180,197	$ 1,178,566
Accounts and notes payable – trade	77,361	80,561	623,376
Accounts payable to unconsolidated subsidiaries and affiliates	14,973	14,303	120,653
Advance ticket sales	38,306	33,466	308,670
Accrued expenses	28,776	29,325	231,878
Accrued income taxes	5,084	7,390	40,967
Other current liabilities	10,497	12,790	84,585
Total current liabilities	321,257	358,032	2,588,695
Long-term liabilities:			
Long-term debt, less current portion (Note 6)	717,579	739,096	5,782,264
Accrued employees' retirement benefits	59,515	56,337	479,573
Other long-term liabilities	25,103	38,721	202,280
Total long-term liabilities	802,197	834,154	6,464,118
Minority interests	6,503	6,581	52,401
Shareholders' equity (Notes 9 and 14):			
Common stock, par value ¥50 per share:			
Authorized – 2,203,200,000 shares			
Issued, 1997 – 1,442,724,240 shares	72,142	–	581,322
1996 – 1,442,719,399 shares	–	72,139	–
Capital surplus	90,135	90,132	726,309
Legal reserve	9,868	9,435	79,517
Retained earnings	(34,383)	(34,982)	(277,059)
Less common stock in treasury, at cost	(3)	(14)	(24)
Total shareholders' equity	137,759	136,710	1,110,064
Commitments and contingent liabilities (Note 10)			
Total liabilities and shareholders' equity	¥1,267,716	¥1,335,477	$10,215,278

CONSOLIDATED STATEMENTS OF INCOME

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
	1997	1996	1997
Operating revenues:			
Passenger	¥ 793,184	¥759,324	$6,391,491
Cargo	56,432	50,770	454,730
Incidental and other	172,126	157,208	1,386,994
	1,021,742	967,302	8,233,215
Operating expenses:			
Aircraft and flight operations	265,801	232,166	2,141,829
Aircraft maintenance	109,099	106,796	879,122
In-flight services	77,994	70,245	628,477
Flight control and ground handling	231,580	219,951	1,866,076
Reservations, sales and advertising	169,659	153,104	1,367,115
General and administrative (Note 7)	50,983	56,053	410,822
Depreciation and amortization	68,265	73,548	550,081
Other costs	27,768	27,684	223,755
	1,001,149	939,547	8,067,276
Operating income	20,593	27,755	165,939
Non-operating income (expenses):			
Interest and dividend income	9,398	8,489	75,729
Gain on sale of property and equipment	11,745	4,932	94,641
Interest expenses	(46,327)	(51,257)	(373,304)
Other – net	17,447	13,653	140,588
	(7,737)	(24,183)	(62,345)
Income before income taxes and equity in affiliates	12,856	3,572	103,594
Income taxes (Note 7)	8,616	9,700	69,428
Income (loss) before equity in (loss of) affiliates	4,240	(6,128)	34,166
Equity in (loss of) affiliates	58	(2,444)	467
Net income (loss)	¥ 4,298	¥ (8,572)	$ 34,633

	Yen		U.S. dollars (Note 4)
	1997	1996	1997
Net income (loss) per share (Note 2)	¥2.98	¥(5.94)	$0.024
Net income (loss) per share assuming full dilution (Note 2)	¥2.93	¥ –	$0.024

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

All Nippon Airways Co., Ltd. and its consolidated subsidiaries
Years ended March 31, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
	1997	1996	1997
Common stock:			
Balance at beginning of year	¥ 72,139	¥ 72,139	$ 581,297
Conversion of convertible bonds	3	–	24
Balance at end of year	72,142	72,139	581,322
Capital surplus:			
Balance at beginning of year	90,132	90,132	726,285
Conversion of convertible bonds	3	–	24
Balance at end of year	90,135	90,132	726,309
Legal reserve:			
Balance at beginning of year	9,435	9,002	76,027
Transfer from retained earnings	433	433	3,489
Balance at end of year	9,868	9,435	79,517
Retained earnings:			
Balance at beginning of year	(34,982)	(17,057)	(281,886)
Net income (loss) for year	4,298	(8,572)	34,633
Increase resulting from subsidiaries removed from consolidation	–	2,117	–
Cash dividends paid	(4,328)	(4,328)	(34,875)
Bonuses to directors and statutory auditors	(6)	(6)	(48)
Transfer to legal reserve	(433)	(433)	(3,489)
Decrease resulting from consolidation of additional subsidiaries	(19)	(4,416)	(153)
Increase resulting from adoption of the equity method of accounting for additional affiliates	1,087	–	8,759
Translation adjustments	–	(2,287)	–
Balance at end of year	(34,383)	(34,982)	(277,059)
Less common stock in treasury, at cost	(3)	(14)	(24)
Total shareholders' equity	¥137,759	¥136,710	$1,110,064

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, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
	1997	1996	1997
Cash flows from operating activities:			
Net income (loss)	¥ 4,298	¥ (8,572)	$ 34,633
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	68,265	73,548	550,080
Provision for accrued employees' retirement benefits	9,447	7,650	76,124
Loss on disposal and sale of property and equipment	3,125	981	25,181
Gain on sale of property and equipment	(11,745)	(376)	(94,641)
Other	9,032	6,125	72,780
Changes in assets and liabilities:			
Increase in accounts receivable	(1,439)	(9,723)	(11,595)
(Increase) decrease in aircraft spare parts and supplies	(95)	1,507	(765)
Decrease in other current assets	10,016	5,378	80,709
Increase (decrease) in accounts and notes payable – trade	(2,530)	15,236	(20,386)
Increase (decrease) in advance ticket sales	4,840	(1,400)	39,000
Increase (decrease) in other current liabilities	(11,169)	4,029	(89,998)
Net cash provided by operating activities	82,045	94,383	661,122
Cash flows from investing activities:			
Purchase of property and equipment	(95,431)	(62,720)	(768,984)
Proceeds from sales of property and equipment	23,358	9,177	188,218
(Increase) decrease in securities	23,742	(50,676)	191,313
Increase in investments in and advances to unconsolidated subsidiaries and affiliates	(608)	(1,834)	(4,899)
Decrease in other assets	22,029	9,282	177,510
Net cash used in investing activities	(26,910)	(96,771)	(216,842)
Cash flows from financing activities:			
Proceeds from long-term debt	141,249	64,110	1,138,186
Repayment of long-term debt	(212,155)	(119,851)	(1,709,548)
Increase (decrease) in short-term loans	15,458	(1,154)	124,560
Dividends paid	(4,328)	(4,328)	(34,875)
Net cash used in financing activities	(59,776)	(61,223)	(481,677)
Net changes in cash	(4,641)	(63,611)	(37,397)
Cash at beginning of year	71,348	134,959	574,923
Cash at end of year	¥ 66,707	¥ 71,348	$ 537,526

See accompanying notes to consolidated financial statements.

1. Basis of financial statements

All Nippon Airways Co., Ltd. (the Company) and its consolidated domestic subsidiaries maintain their records and prepare their financial statements in accordance with accounting principles and practices generally accepted in Japan, and its consolidated foreign subsidiaries in conformity with those of the country of their domicile.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan.

In preparing the accompanying financial statements, certain reclassifications have been made in the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The statements of cash flows have been prepared for the purpose of inclusion in this document, although such statements are not customarily prepared in Japan and are not required to be filed with the Minister of Finance.

Furthermore, the notes to the financial statements include additional information not required under generally accepted accounting principles and practices in Japan.

2. Summary of significant accounting policies

(a) Principles of consolidation and accounting for investments in unconsolidated subsidiaries and affiliates

The consolidated financial statements include the accounts of the Company and all of its significant subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Investments in significant affiliates (20%~50% owned companies) 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 being amortized on a straight-line method over a period of five years.

Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method of accounting are stated at cost.

(b) Income taxes

Deferred tax-effect accounting is not applied in respect of timing differences in the recognition of certain expenses or income between tax and financial reporting except insofar as they relate to the elimination of intercompany items on consolidation.

(c) Foreign currency translation

(i) Foreign currency of short-term and long-term receivables and payables are translated at the historical rates, except for those receivables and payables covered by forward exchange contracts, which are translated at the contract rates.
Foreign currency of long-term debt covered by forward exchange contracts are translated at the contract rates. Differences resulting from the above translations are deferred and recognized as gain or loss over the periods to maturity.

(ii) Foreign currency of revenues and expenses are translated at the rates of exchange prevailing when such transactions are made.

(d) Marketable securities and investment securities

Marketable securities, including equity securities and investment securities, are stated at cost (principally using the average method) adjusted for any substantial (more than 50%) decline in value which the companies consider non-temporary.

(e) Allowance for doubtful receivables

A general provision is made for doubtful receivables at a rate equivalent to the higher of that which is allowed in Japan as an expense for tax purposes and that which is demonstrated to be required by a review of receivables. Provisions are made against specific receivables as and when required.

(f) Aircraft spare parts and supplies

These inventories are stated at cost. Cost is determined by the average method for aircraft spare parts and the first-in, first-out method for miscellaneous supplies.

(g) Property and equipment and normal depreciation

Property and equipment are stated at cost less accumulated depreciation. Depreciation of property and equipment is computed based on estimated useful lives by the following methods:

Flight equipment:	
Boeing 747-400s and Boeing 777s	Straight-line method
Boeing 767s, other Boeing 747s, Boeing 737s, Airbus A320s and NAMC YS-11s	Sum-of-years-digit method
Other flight equipment	Declining balance method
Other ground property and equipment	Declining balance method

The Company employs the following life period principally based upon the Company's estimated durability of such aircraft.

International type equipment	15 years
Domestic type equipment	13 years

Major additions and improvements are capitalized at cost. Maintenance and repairs, including minor renewals and betterments, are charged to income as incurred.

(h) Retirement benefits

The retirement benefits plan of the Company and some of the subsidiaries cover substantially all employees other than directors. Under the terms of this plan, eligible employees are entitled, upon mandatory retirement or earlier voluntary severance, to lump-sum payments based on their compensaton at the time of leaving and years of service with the Company and some of the subsidiaries. The Company and some of the subsidiaries have followed the accounting policy of providing for the liability for employees' retirement benefits to the extent to which they are deductible for income tax purposes. The permitted rate of deduction for tax purposes is 40% of such liability.

The Company and certain significant domestic subsidiaries are adopting non-contributory funded pension plans to provide coverage for part of the lump-sum benefits under existing retirement regulations. The current cost and amortization of prior service costs of the pension plan are determined actuarially and charged to income. The prior service costs amounted to ¥10,958 million ($88,300 thousand) at March 31, 1996 and are amortized over a period of approximately 20 years.

Accrued retirement benefits are stated at 40% of the net obligation which would be required to be paid under existing retirement regulations if all eligible employees voluntarily severed their employment at the end of each fiscal year, having made allowance for benefits expected to be covered from the above-mentioned pension plan.

Directors and statutory auditors are not covered by the programs described above. Benefits paid to such persons are charged to income as paid since amounts vary with circumstances, and it is therefore not practicable to compute the liability for future payments.

(i) Revenue recognition

Passenger revenues, cargo and other operating revenues are recorded when services are rendered.

(j) Appropriation of retained earnings

Under the Commercial Code of Japan, 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 14.

(k) Net income per share

The computation of net income per share of common stock is based on the weighted average number of shares outstanding during each year, after giving retroactive effect, for the purpose of inclusion in this document, to the free distribution of common stock.

The 0.4% yen convertible bonds had a dilutive effect on the calculation of net income per share in fiscal 1997.

(l) Leases

Finance lease transactions other than ones that are expected to transfer ownership of the assets are accounted for as operating leases.

(m) Bond issuance expenses

Bond issuance expenses are principally capitalized and amortized on a straight-line basis over a 3 year period.

3. Differences between Japanese accounting principles and International Accounting Standards

The accompanying consolidated financial statements of the Company are principally prepared in conformity with accounting principles and practices generally accepted in Japan, which differ from International Accounting Standards ("IAS") mainly in the following respects:

(a) Consolidation and the equity method of accounting

Under generally accepted accounting principles in Japan, (i) subsidiaries whose total assets, net sales, net income and retained earnings are not significant in the aggregate in relation to the respective amounts in the consolidated financial statements may be excluded from consolidation; and (ii) the equity method of accounting is not required for unconsolidated subsidiaries and affiliated companies whose net income and retained earnings in the aggregate is not significant in relation to the comparable amounts in the consolidated financial statements. These Japanese accounting principles regarding consolidation and adoption of the equity method of accounting are not in accordance with IAS 27 and IAS 28 which require, except on certain specified grounds, the consolidation of all subsidiaries and the application of the equity method to unconsolidated subsidiaries as well as to all affiliated companies.

(b) Tax-effect accounting

Income taxes are provided, in principle, based on taxable income on the basis of amounts currently payable for each period. The Company does not recognize the tax effect of timing differences, except in the case that such deferred income taxes relate to the elimination of intercompany items on consolidation. Therefore, the Company's policy is generally not in accordance with IAS 12 which requires that the tax expense for a period be determined on the basis of tax-effect accounting.

The effect on net income of this difference in accounting policy is summarized in Note 7 of the consolidated and nonconsolidated financial statements.

(c) Foreign currency translation

Foreign currencies of short-term and long-term receivables and payables, except for foreign currencies of long-term debt covered by forward exchange contracts, are translated at the exchange rate existing at the time of the transaction. This is not in accordance with IAS 21 which requires foreign currency monetary items to be translated at the rate of exchange in effect at each balance sheet date, except when covered by forward exchange contracts.

The effect on net income of this difference in accounting policy for the years ended March 31, 1997 and 1996 was not significant.

(d) Leases

Finance lease transactions other than ones that are expected to transfer ownership of the assets are recognized to be accounted for as operating leases. IAS 17 requires finance leases to be reflected in the lessee's accounts by recording an asset and liability equal to the lower of the net fair value of the leased property or the present value of the minimum lease payments. The assets should be depreciated and rentals apportioned between finance charges and reduction of the outstanding liability.

It has not been practicable to quantify the effect on net income of this difference in accounting policy. See Note 8 of Notes to Nonconsolidated Financial Statements.

(e) Market value information of marketable securities

Market value information of marketable securities of the parent company is required to be disclosed in the Securities Report filed with the Minister of Finance under the Securities and Exchange Law of Japan. IAS 25 requires the disclosure of the market value of marketable securities, other than long-term investments, if different from the carrying amount in the financial statements.

At March 31, 1997 and 1996 the aggregate market values of marketable securities and investment securities held by the Company and their respective aggregate carrying amount were as follows:

	Marketable securities			Investment securities		
	Yen (Millions)		U.S. dollars (Thousands)	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997	1997	1996	1997
Market value	¥2,482	¥3,504	$20,000	¥30,308	¥35,976	$244,223
Carrying amount	2,687	2,745	21,652	20,762	20,587	167,301
	¥ (205)	¥ 759	$ (1,652)	¥ 9,546	¥15,389	$ 76,922

(f) Funds in trust

Funds in trust included in prepaid expenses and other current assets in the amount of ¥27,574 million ($222,192 thousand) at March 31, 1997 represent short-term funds deposited with and managed by trust banks. Each fund consists mainly of marketable equity securities and interest-bearing bonds and is stated at cost. IAS 25 requires the disclosure of the market value of marketable securities, other than long-term investments, if different from the carrying amount in the financial statements.

The Company is not required in Japan to disclose the market value of such funds in trust.

(g) Employees' retirement benefits

The Company has followed the accounting policy of providing for the liability for employees' retirement benefits to the extent to which they are deductible for income tax purposes. Generally accepted accounting principles in Japan allow the accrual of such liability in accordance with tax regulations, provided that the present value of the benefits which would be required to be paid if all eligible employees voluntarily severed their employment at the end of each fiscal year for the period of the employees' estimated remaining service years results in approximately 40% of such benefits. Contributions to a pension fund are charged to income when paid.

IAS 19 requires that current cost is the present value of benefits payable in the future in respect of service in the current period and that accrued actuarial liability is the present value of benefits payable in the future in respect of service to date. Therefore, the Company's policy is not in accordance with IAS 19.

It has not been practicable to quantify the effect on net income of this difference in accounting policy.

(h) Segment information

Both the Securities and Exchange Law of Japan and IAS 14 require the disclosure of income and asset information by industry and geographical segment, when they are significant.

While the geographical segments under Japanese standards disclose domestic operations and foreign operations, IAS 14 segments disclose every significant operation separately.

(i) Information reflecting the effects of changing prices

The financial statements and related notes thereto are based on the historical cost concept. This is not in accordance with IAS 15 which requires information using an accounting method reflecting the effects of changing prices.

(j) Related party disclosures

Related party transactions are not required to be disclosed as part of the financial statements and related notes thereto in Japan. IAS 24 requires disclosure of the nature of the related party relationship as well as the types of transactions and the elements of the transactions necessary for an understanding of the financial statements.

4. Financial statement 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 ¥124.10=US$1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 1997. This translation should not be construed as a representation that the amounts shown could be converted into United States dollars at such rate.

5. Investments in and advances to unconsolidated subsidiaries and affiliates

Investments in and advances to unconsolidated subsidiaries and affiliates at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Investments in capital stock, at cost	¥19,075	¥17,350	$153,707
Advances	4,350	5,409	35,052
	¥23,425	¥22,759	$188,759

6. Short-term loans and long-term debt

Short-term loans at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Short-term bank loans	¥ 63,499	¥ 47,960	$ 511,676
Current portion of long-term debt	82,761	132,237	666,890
	¥146,260	¥180,197	$1,178,566

The interest rates on the above short-term loans were between 0.70% and 7.485% per annum in 1997 and between 0.80% and 8.20% per annum in 1996.

Long-term debt at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Bonds and notes:			
8.25% US$ guaranteed notes due 1996	¥ –	¥ 16,910	$ –
9.375% US$ guaranteed notes due 1997	14,500	14,500	116,841
1.7% yen convertible bonds due 1997	–	49,622	–
1.8% yen convertible bonds due 2003	49,210	49,210	396,535
0.4% yen convertible bonds due 2005	99,995	–	805,762
9.75% US$ notes due 2000	13,000	13,000	104,755
*6.2% notes due 2002	–	20,000	–
6.35% notes due 2000	20,000	20,000	161,160
*4.5% notes due 1998	–	30,000	–
4.4% notes due 2000	20,000	20,000	161,160
*4.5% notes due 2001	–	30,000	–
	216,705	263,242	1,746,213
Loans, principally from banks:			
Secured, bearing interest from 2.125% to 10.25% in 1997 and 2.13% to 10.25% in 1996, maturing in installments through 2024	383,483	387,835	3,090,113
Unsecured, bearing interest from 0.8% to 10.50% in 1997 and 1.15% to 10.50% in 1996, maturing in installments through 2019	200,152	220,256	1,612,828
	583,635	608,091	4,702,941
	800,340	871,333	6,449,154
Less current portion	82,761	132,237	666,890
	¥717,579	¥739,096	$5,782,264

** Bonds marked with * were transferred to certain trustees under debt assumption agreements and removed from the accounts. However, the Company is contingently liable for the payment with respect to the bonds under the agreements. See Note 10.*

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.

The guaranteed notes and bonds issued by the Company and certain foreign currency loans are guaranteed by domestic banks and a foreign bank.

The 1.8% yen convertible bonds due 2003 at March 31, 1997 were convertible into 23,958,130 shares of common stock at the option of the holders at a price of ¥2,054 ($16.55) per share. The conversion price was adjusted for the effect of the 0.4% yen convertible bonds due 2005 issue. The 0.4% yen convertible bonds due 2005 at March 31, 1997 were convertible into 87,103,659 shares of common stock at the option of the holders at a price of ¥1,148 ($9.25) per share.

The following assets were pledged as collateral for long-term debt at March 31, 1997:

	Yen (Millions)	U.S. dollars (Thousands)
Property and equipment, at net book value:		
Flight equipment	¥210,145	$1,693,352
Ground property and equipment	149,571	1,205,246
	¥359,716	$2,898,598

The aggregate annual maturities of long-term debt after March 31, 1997 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
1998	¥ 82,761	$ 666,890
1999	68,547	552,353
2000	119,144	960,064
2001 and thereafter	529,888	4,269,847
	¥800,340	$6,449,154

The amounts in the above table have been calculated on the assumption that all outstanding convertible bonds at March 31, 1997 would not be converted prior to maturity.

7. Income taxes

The Company is subject to a number of taxes on income (corporation tax, inhabitants tax and enterprise tax) which in aggregate resulted in a normal corporate tax rate of approximately 51.4% in both 1997 and 1996.

Corporation tax and inhabitants tax are included under the caption "income taxes," while enterprise tax, which is deductible for corporation tax and inhabitants tax purposes when paid, is included under the caption "operating expenses – general and administrative" in the accompanying consolidated statements of income. Payments in respect of enterprise tax for the years ended March 31, 1997 and 1996 were ¥2,079 million ($16,753 thousand) and ¥2,292 million, respectively.

Most of "income taxes" in the accompanying consolidated statements is accounted for by the income taxes of the Company, which are large compared with income because of the deferred income taxes due to special depreciation reserve.

8. Leases

The Company and consolidated subsidiaries lease principally computer systems and aircrafts under finance leases. Total expenses of the finance leases which do not transfer the ownership of its properties were ¥14,686 million ($118,340 thousand) in 1997. See Note 2.

9. Shareholders' equity

(a) Common stock and capital surplus

Under the Japanese Commercial Code, as amended effective October 1, 1982, at least 50% (but not less than the par value of the common stock being issued) of the aggregate amount of the offering price and/or conversion price of convertible bonds (upon conversion into common stock) issued after the effective date must be credited to the common stock account. Any remaining excess of proceeds over amounts credited to the common stock account must be credited to the capital surplus account.

During the year ended March 31, 1997, convertible bonds worth ¥6 million ($48 thousand) were converted into 4,841 shares of common stock, and during the year ended March 31, 1996, no convertible bonds were converted into common stock.

(b) Legal reserve

Under the Japanese Commercial code, the Company is required to appropriate as legal reserve an amount equal to at least 10% of appropriations paid by cash until the reserve equals 25% of the stated capital. This reserve is not available for dividends but may be used to reduce a deficit or may be capitalized by resolution of the Board of Directors. The legal reserve in the accompanying consolidated financial statements includes only that of the Company. The Company's equity in the legal reserves of its consolidated subsidiaries is included in consolidated retained earnings.

(c) Retained earnings

Retained earnings at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Appropriated:			
Special depreciation reserve	¥ 10,236	¥ 12,901	$ 82,482
General reserve	1,600	1,600	12,893
Special account reserve for reduction in fixed assets	1,678	1,458	13,521
Unappropriated	(47,897)	(50,941)	(385,955)
	¥(34,383)	¥(34,982)	$(277,059)

Special depreciation reserve has been provided for purposes of tax deferral. This reserve must be recorded on the books of account for retained earnings and is required to be reversed to taxable income in the future. Under the Special Taxation Measures Law, the Company is permitted to provide special depreciation on new aircraft, within two fiscal years, at the maximum limit of 9% of the acquisition costs in the aggregate. The reserve thus provided is reversed evenly to taxable income over the subsequent seven years. See Note 14.

10. Commitments and contingent liabilities

At March 31, 1997 commitments outstanding for the acquisition or construction of property and equipment amounted to approximately ¥532,698 million ($4,292,490 thousand).

The Company and consolidated subsidiaries were contingently liable as guarantor of loans, principally to employees for their housing, unconsolidated subsidiaries and affiliates, amounting to ¥11,642 million ($93,811 thousand) at March 31, 1997.

In addition, at March 31, 1997, the Company was liable under debt assumption agreements for in-substance defeasance of the bonds which amounted to ¥80,000 million ($644,641 thousand). See Note 6.

11. Segment information

The Company and consolidated subsidiaries conduct operations in air transportation, hotel operations and other airline-related business. The respective businesses other than the air transportation business are insignificant to the consolidated results of operations of the Company and its consolidated subsidiaries and, accordingly, are included in "Airline-related businesses" in the following industry segment information.

Industry segment information of the company and its subsidiaries is only disclosed because of its significance. The segment information for the years ended March 31, 1997, and 1996 is as follows:

Year ended March 31, 1997	Yen (Millions)				
	Air transportation	Airline-related businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	¥906,420	¥115,322	¥1,021,742	¥ –	¥1,021,742
Intra-group sales and transfers	30,382	30,358	60,740	(60,740)	–
Total	936,802	145,680	1,082,482	(60,740)	1,021,742
Operating expenses	920,066	141,673	1,061,739	(60,590)	1,001,149
Operating income	16,736	4,007	20,743	(150)	20,593

	Air transportation	Airline-related businesses	Total	Unspecified assets	Consolidated
Identifiable assets	¥965,040	¥232,621	¥1,197,661	¥70,055	¥1,267,716
Depreciation and amortization	62,556	5,709	68,265	–	68,265
Capital expenditures	206,545	17,670	224,215	–	224,215

Year ended March 31, 1997	U.S. dollars (Thousands)				
	Air transportation	Airline-related businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	$7,303,948	$ 929,267	$8,233,215	$ –	$8,233,215
Intra-group sales and transfers	244,819	244,625	489,444	(489,444)	–
Total	7,548,767	1,173,892	8,722,659	(489,444)	8,233,215
Operating expenses	7,413,908	1,141,604	8,555,512	(488,235)	8,067,276
Operating income	134,859	32,288	167,147	(1,209)	165,939

	Air transportation	Airline-related businesses	Total	Unspecified assets	Consolidated
Identifiable assets	$7,776,309	$1,874,464	$9,650,773	$564,504	$10,215,277
Depreciation and amortization	504,077	46,003	550,080	–	550,080
Capital expenditures	1,664,343	142,385	1,806,728	–	1,806,728

Year ended March 31, 1996	Yen (Millions)				
	Air transportation	Airline-related businesses	Total	Intercompany eliminations	Consolidated
Operating revenues	¥861,377	¥105,925	¥ 967,302	¥ –	¥967,302
Intra-group sales and transfers	28,026	26,851	54,877	(54,877)	–
Total	889,403	132,776	1,022,179	(54,877)	967,302
Operating expenses	863,004	131,535	994,539	(54,992)	939,547
Operating income	26,399	1,241	27,640	115	27,755

12. Supplementary income information

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Provision for retirement and severance benefits and pension expense	¥16,018	¥14,578	$129,073
Foreign exchange gain	1,202	2,363	9,686

13. Supplementary cash flow information

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Cash payment for:			
Interest	¥49,635	¥51,230	$399,960
Income taxes (including enterprise tax)	13,092	8,999	105,496

14. Subsequent events

(a) At the shareholders' meeting held on June 27, 1997, the following appropriations from unappropriated retained earnings of the Company were approved by the shareholders:

	Yen (Millions)	U.S. dollars (Thousands)
Cash dividends, ¥3.00 ($0.024) per share	¥4,328	$34,875
Legal reserve	433	3,489
Transfer to special depreciation reserve–net	(599)	(4,827)
Transfer to special account reserve for reduction in fixed assets–net	(271)	(2,184)
	¥3,891	$31,353

(b) In the Japanese market, the Company issued 3.075% yen straight bonds due 2007, having an aggregate amount of ¥35 billion on June 11, 1997.

(c) In the Swiss market, the company issued 0% yen convertible bonds due 2000, having an aggregate amount of ¥30 billion on June 26, 1997. The bonds are convertible at a price of ¥744 per share, initially. The conversion price may be revised downward once in July/August 1998.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
All Nippon Airways Co., Ltd.:

We have audited the accompanying consolidated balance sheets of All Nippon Airways Co., Ltd. and its consolidated subsidiaries as of March 31, 1997 and 1996, and the related consolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and all relevant auditing procedures as are normally required were carried out.

Based on our audits, it is our opinion that the above-mentioned financial statements present fairly, in all material respects, the financial position of All Nippon Airways Co., Ltd. and its consolidated subsidiaries as of March 31, 1997 and 1996, and the results of their operations and their cash flows for the years then ended, in conformity with generally accepted accounting principles in Japan applied on a consistent basis.

The accompanying consolidated financial statements have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the consolidated financial statements expressed in yen have been translated into United States dollars on the basis set forth in Note 4 to the consolidated financial statements.

Tokyo, Japan
June 27, 1997

Century Audit Corporation.

CENTURY AUDIT CORPORATION
Certified Public Accountants

NONCONSOLIDATED BALANCE SHEETS

All Nippon Airways Co., Ltd.
March 31, 1997 and 1996

ASSETS	Yen (Millions) 1997	Yen (Millions) 1996	U.S. dollars (Thousands) (Note 4) 1997
Current assets:			
Cash	¥ 44,106	¥ 45,588	$ 355,409
Marketable securities	38,164	66,291	307,531
Accounts receivable, less allowance for doubtful accounts (¥468 million in 1997 and ¥404 million in 1996)	48,442	48,460	390,349
Accounts receivable from and advances to subsidiaries and affiliates	13,906	12,401	112,058
Aircraft spare parts and supplies	34,825	34,888	280,628
Prepaid expenses and other current assets	56,807	65,210	457,753
Total current assets	236,252	272,840	1,903,729
Investments and long-term receivables:			
Investments in securities	34,534	34,480	278,280
Investments in and advances to subsidiaries and affiliates (Note 5)	137,393	140,880	1,107,115
Lease and guaranty deposits	7,957	7,743	64,121
Housing loans to employees	643	46,895	5,183
Other long-term receivables	35,418	31,890	285,402
Total investments and long-term receivables	215,946	261,890	1,740,103
Property and equipment (Note 6):			
Flight equipment	852,629	917,212	6,870,505
Ground property and equipment	420,897	421,353	3,391,595
	1,273,526	1,338,566	10,262,101
Less accumulated depreciation	(726,843)	(761,695)	(5,856,915)
	546,683	576,870	4,405,185
Advance payments on aircraft purchase contracts	67,138	51,617	541,002
Construction in progress	3,963	3,018	31,935
Net property and equipment	617,785	631,506	4,978,124
Other assets	2,465	1,012	19,865
Total assets	¥1,072,450	¥1,167,249	$ 8,641,822

See accompanying notes to nonconsolidated financial statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen (Millions) 1997	Yen (Millions) 1996	U.S. dollars (Thousands) (Note 4) 1997
Current liabilities:			
Short-term loans (Note 6)	¥ 71,846	¥ 124,363	$ 578,943
Accounts and notes payable – trade	66,289	68,489	534,162
Accounts payable to subsidiaries and affiliates	18,998	17,215	153,090
Advance ticket sales	35,972	31,766	289,866
Accrued expenses	22,610	23,821	182,195
Accrued income taxes	4,668	6,562	37,620
Other current liabilities	5,126	7,496	41,305
Total current liabilities	225,512	279,714	1,817,184
Long-term liabilities:			
Long-term debt, less current portion (Note 6)	585,954	628,825	4,721,627
Accrued employees' retirement benefits	57,137	53,607	460,411
Other long-term liabilities	13,073	13,921	105,343
Total long-term liabilities	656,164	696,354	5,287,383
Shareholders' equity (Notes 9 and 13):			
Common stock, par value ¥50 per share:			
Authorized – 2,203,200,000 shares			
Issued, 1997 – 1,442,724,240 shares	72,142	–	581,322
1996 – 1,442,719,399 shares	–	72,139	–
Capital surplus	90,135	90,132	726,309
Legal reserve	9,868	9,435	79,517
Retained earnings	18,627	19,473	150,105
Total shareholders' equity	190,773	191,180	1,537,255
Commitments and contingent liabilities (Note 10)			
Total liabilities and shareholders' equity	¥1,072,450	¥1,167,249	$8,641,822

NONCONSOLIDATED STATEMENTS OF INCOME

All Nippon Airways Co., Ltd.
Years ended March 31, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
	1997	1996	1997
Operating revenues:			
Passenger	¥762,789	¥733,285	$6,146,573
Cargo	55,069	49,442	443,753
Incidental and other	69,547	63,246	560,412
	887,406	845,973	7,150,739
Operating expenses:			
Aircraft and flight operations	239,954	210,155	1,933,556
Aircraft maintenance	89,660	87,804	722,487
In-flight services	74,770	67,168	602,504
Flight control and ground handling	210,483	201,528	1,696,076
Reservations,sales and advertising	130,568	119,642	1,052,122
General and administrative (Note 7)	42,485	47,174	342,345
Depreciation and amortization	61,292	66,948	493,897
Other costs	20,176	18,241	162,582
	869,391	818,665	7,005,573
Operating income	18,015	27,307	145,165
Non-operating income (expenses):			
Interest and dividend income	4,121	3,767	33,210
Gain on sale of property and equipment	11,781	4,155	94,932
Interest expenses	(34,642)	(39,448)	(279,147)
Other – net	12,741	16,237	102,671
	(5,998)	(15,289)	(48,332)
Income before income taxes	12,017	12,018	96,833
Income taxes (Note 7)	8,102	8,926	65,286
Net income	¥ 3,915	¥ 3,092	$ 31,547

	Yen		U.S. dollars (Note 4)
	1997	1996	1997
Net income per share (Note 2)	¥2.71	¥2.14	$0.02
Net income per share assuming full dillution (Note 2)	¥2.68	¥ –	$0.02

See accompanying notes to nonconsolidated financial statements.

NONCONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

All Nippon Airways Co., Ltd.
Years ended March 31, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
	1997	1996	1997
Common stock:			
Balance at beginning of year	¥ 72,139	¥ 72,139	$581,297
Conversion of convertible bonds	3	–	24
Balance at end of year	72,142	72,139	581,322
Capital surplus:			
Balance at beginning of year	90,132	90,132	726,285
Conversion of convertible bonds	3	–	24
Balance at end of year	90,135	90,132	726,309
Legal reserve:			
Balance at beginning of year	9,435	9,002	76,027
Transfer from retained earnings	433	433	3,489
Balance at end of year	9,868	9,435	79,517
Retained earnings:			
Balance at beginning of year	19,473	21,142	156,920
Net income for year	3,915	3,092	31,550
Cash dividends paid	(4,328)	(4,328)	(34,876)
Transfer to legal reserve	(433)	(433)	(3,489)
Balance at end of year	18,627	19,473	150,105
Total shareholders' equity	¥190,773	¥191,180	$1,537,255

See accompanying notes to nonconsolidated financial statements.

NONCONSOLIDATED STATEMENTS OF CASH FLOWS

All Nippon Airways Co., Ltd.
Years ended March 31, 1997 and 1996

	Yen (Millions)		U.S. dollars (Thousands) (Note 4)
	1997	1996	1997
Cash flows from operating activities:			
Net income	¥ 3,915	¥ 3,092	$ 31,547
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	61,292	66,948	493,897
Provision for accrued employees' retirement benefits	8,910	7,197	71,804
Loss on disposal and sale of property and equipment	2,897	4,277	23,348
Gain on sale of property and equipment	(11,781)	(4,155)	(94,932)
Other	9,001	6,595	72,533
Changes in assets and liabilities:			
Increase in accounts receivable	(1,486)	(5,459)	(11,982)
Decrease in aircraft spare parts and supplies	62	1,781	501
Decrease in other current assets	8,403	6,117	67,712
Increase (decrease) in accounts and notes payable – trade	(416)	13,971	(3,358)
Increase (decrease) in advance ticket sales	4,206	(1,028)	33,893
Increase (decrease) in other current liabilities	(10,856)	685	(87,483)
Net cash provided by operating activities	74,147	100,023	597,481
Cash flows from investing activities:			
Purchase of property and equipment	(61,773)	(36,892)	(497,768)
Proceeds from sales of property and equipment	23,210	8,360	187,031
(Increase) decrease in securities	28,072	(59,831)	226,205
(Increase) decrease in investments in and advances to subsidiaries and affiliates	873	(4,576)	7,036
Decrease in other assets	33,697	1,747	271,533
Net cash provided by (used in) investing activities	24,080	(91,191)	194,038
Cash flows from financing activities:			
Proceeds from long-term debt	108,980	38,656	878,162
Repayment of long-term debt	(204,339)	(113,245)	(1,646,575)
Increase (decrease) in short-term loans	(22)	22	(178)
Dividends paid	(4,328)	(4,328)	(34,876)
Net cash used in financing activities	(99,710)	(78,895)	(803,466)
Net changes in cash	(1,482)	(70,064)	(11,946)
Cash at beginning of year	45,588	115,653	367,355
Cash at end of year	¥ 44,106	¥ 45,588	$ 355,409

See accompanying notes to nonconsolidated financial statements.

1. Basis of financial statements

All Nippon Airways, Co., Ltd. (the Company) maintains its records and prepares its financial statements in accordance with accounting principles and practices generally accepted in Japan.

The accompanying nonconsolidated financial statements have been compiled from the nonconsolidated financial statements filed with the Minister of Finance as required by the Securities and Exchange Law of Japan.

In preparing the accompanying financial statements, certain reclassifications have been made in the financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. The statements of cash flows have been prepared for the purpose of inclusion in this document, although such statements are not customarily prepared in Japan and are not required to be filed with the Minister of Finance.

Furthermore, the notes to the financial statements include additional information not required under generally accepted accounting principles and practices in Japan.

As permitted by the regulations under the Japanese Commercial Code, amended effective October 1, 1982, amounts less than one million yen have been omitted. In this connection, U.S. dollar amounts less than one thousand dollars have also been omitted. As a result, the totals shown in the accompanying nonconsolidated financial statements for the fiscal years of 1997 and 1996 do not necessarily agree with the sum of the individual amounts.

2. Summary of significant accounting policies

The accompanying nonconsolidated financial statements are prepared on the same accounting policies as described in Note 2 of the notes to consolidated financial statements, except for the following:

(a) Investments in subsidiaries and affiliates

Investments in subsidiaries and affiliates (20%~50% owned companies) are stated at cost (average method) adjusted for any substantial (more than 50%) decline in value which the Company considers to be non-temporary. Application of the equity method accounting for investments in common stock of the subsidiaries and affiliates is not required in the nonconsolidated financial statements. Dividends are recorded as income when received.

(b) Income taxes

Income taxes are provided based on amounts required by the tax returns for the period. The tax-effect accounting is not applied for timing differences in the recognition of certain expenses or income between financial and tax reporting purposes.

3. Differences between Japanese accounting principles and International Accounting Standards

The accompanying nonconsolidated financial statements of the Company are principally prepared in conformity with accounting principles and practices generally accepted in Japan, which differ from International Accounting Standards ("IAS") mainly in several respects as summarized in Note 3 of the notes to consolidated financial statements, except that the adoption of equity method of accounting for investments in subsidiaries and affiliated companies is prohibited in preparing nonconsolidated financial statements under the Japanese accounting principles.

4. Financial statement translation

See Note 4 of the notes to consolidated financial statements.

5. Investments in and advances to subsidiaries and affiliates

Investments in and advances to subsidiaries and affiliates at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Investments in capital stock, at cost	¥130,549	¥133,100	$1,051,972
Advances	6,843	7,780	55,143
	¥137,393	¥140,880	$1,107,115

6. Short-term loans and long-term debt

Short-term loans at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Short-term bank loans	¥ –	¥ 22	$ –
Current portion of long-term debt	71,846	124,340	578,943
	¥71,846	¥124,363	$578,943

The interest rate on the above short-term loans was 1.63% per annum in 1996.

Long-term debt at March 31, 1997 and 1996 consisted of the following:

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Bonds and notes	¥216,705	¥263,242	$1,746,213
Loans from banks	441,095	489,924	3,554,358
	657,800	753,166	5,300,571
Less current portion	71,846	124,340	578,943
	¥585,954	¥628,825	$4,721,627

See Note 6 of the notes to consolidated financial statements.

The following assets were pledged as collateral for long-term debt at March 31, 1997:

	Yen (Millions)	U.S. dollars (Thousands)
Property and equipment, at net book value:		
Flight equipment	¥200,921	$1,619,032
Ground property and equipment	60,174	484,889
	¥261,096	$2,103,921

The aggregate annual maturities of long-term debt after March 31, 1997 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
1998	¥ 71,846	$ 578,943
1999	54,639	440,282
2000	55,932	450,701
2001 and thereafter	475,383	3,830,644
	¥657,800	$5,300,571

7. Income taxes

The Company is subject to a number of taxes on income (corporation tax, inhabitants tax and enterprise tax) which in aggregate resulted in a normal corporate tax rate of approximately 51.4% in both 1997 and 1996.

Corporation tax and inhabitants tax are included under the caption "income taxes," while enterprise tax, which is deductible for corporation tax and inhabitants tax purposes when paid, is included under the caption "operating expenses – general and administrative" in the accompanying nonconsolidated statements of income. Payments in respect of enterprise tax for the years ended March 31, 1997 and 1996 were ¥1,897 million ($15,286 thousand) and ¥2,100 million, respectively.

See Note 7 of the notes to consolidated financial statements.

8. Leases

(a) Finance leases

Finance lease transactions other than ones that are expected to transfer ownership of the assets are accounted for as operating leases. IAS requires finance leases to be reflected in lessee's accounts by recording an asset and liability equal to the lower of the net fair value of the lease property or the present value of the minimum lease payments. The effect of this difference in accounting policy is summarized as follows.

Estimated acquisition costs, estimated amount of accumulated depreciation and estimated net book value of the lease properties are as follows:

	Yen (Millions)			U.S. dollars (Thousands)		
Year ended March 31, 1997	Estimated acquisition costs	Estimated amount of accumulated depreciation	Estimated net book value	Estimated acquisition costs	Estimated amount of accumulated depreciation	Estimated net book value
Aircraft	¥119,630	¥30,340	¥89,290	$ 963,980	$244,480	$719,500
Others	6,445	4,955	1,490	51,933	39,927	12,006
	¥126,076	¥35,295	¥90,780	$1,015,922	$284,407	$731,506

Finance leases outstanding obligations at March 31, 1997.

	Yen (Millions)	U.S. dollars (Thousands)
Current portion of finance leases outstanding obligations	¥ 10,666	$ 85,946
Long-term finance leases outstanding obligations.	93,805	755,882
	¥104,471	$841,829

Estimated amount of depreciation, estimated finance charge and lease expenses.

Year ended March 31, 1997	Yen (Millions)	U.S. dollars (Thousands)
Estimated amount of depreciation by the straight-line method over the lease period	¥13,466	$108,509
Estimated interest costs	3,911	31,514

Annual lease expenses were ¥13,511 million ($108,871 thousand) in 1997.

(b) Operating leases

The rental payments required under the operating leases that have initial or remaining noncancelable lease term in excess of one year at March 31, 1997 are as follows:

	Yen (Millions)	U.S. dollars (Thousands)
Current portion of finance leases outstanding obligations	¥ 38,236	$ 308,106
Long-term finance leases outstanding obligations.	213,891	1,723,537
	¥252,127	$2,031,643

See Note 2 (l) of the notes to consolidated financial statements.

9. Shareholders' equity

See Note 9 of the notes to consolidated financial statements.

10. Commitments and contingent liabilities

At March 31, 1997 commitments outstanding for the acquisition or construction of property and equipment amounted to approximately ¥518,521 million ($4,178,251 thousand).

The Company was contingently liable as guarantor of loans, principally to employees for their housing, subsidiaries and affiliates, amounting to ¥6,098 million ($49,142 thousand) at March 31, 1997.

See Note 10 to the consolidated financial statements with respect to commitments and contingent liabilities under debt assumption agreements.

11. Supplementary income information

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Provision for retirement and severance benefits and pension expense	¥14,505	¥12,730	$116,888
Foreign exchange gain (loss)	1,218	1,721	9,822

12. Supplementary cash flow information

	Yen (Millions)		U.S. dollars (Thousands)
	1997	1996	1997
Cash payment for:			
Interest	¥37,687	¥41,870	$303,686
Income taxes (including enterprise tax)	11,878	8,767	95,713
Non-Cash financing activities:			
Conversion of bonds	6	–	48
Common stock issued	3	–	24
Increase of capital surplus	3	–	24

13. Subsequent events

See Note 14 of the notes to consolidated financial statements.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
All Nippon Airways Co., Ltd.:

We have audited the accompanying nonconsolidated balance sheets of All Nippon Airways Co., Ltd. as of March 31, 1997 and 1996, and the related nonconsolidated statements of income, shareholders' equity and cash flows for the years then ended, all expressed in Japanese yen. Our audits were made in accordance with generally accepted auditing standards in Japan and all relevant auditing procedures as are normally required were carried out.

Based on our audits, it is our opinion that the above-mentioned financial statements present fairly, in all material respects, the financial position of All Nippon Airways Co., Ltd. as of March 31, 1997 and 1996, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles in Japan applied on a consistent basis.

The accompanying nonconsolidated financial statements have been translated into United States dollars solely for the convenience of the reader. We have recomputed the translation and, in our opinion, the nonconsolidated financial statements expressed in yen have been translated into United States dollars on the basis set forth in Note 4 to the nonconsolidated financial statements.

Tokyo, Japan
June 27, 1997

Century Audit Corporation.

CENTURY AUDIT CORPORATION
Certified Public Accountants

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Tel: 33-1-5383-5220
Fax: 33-1-5375-1211

Qingdao
Haitian Hotel 48
Hong Kong West Road
Qingdao 266071, P.R. of China
Tel: 86-532-386-9722
Fax: 86-532-386-9724

Rome
Room 447 Office Tower
Fiumicino Airport, Italy
Tel: 39-6-6501-1600
Fax: 39-6-6595-5888

Seoul
Room 1501, Seoul Center Bldg.
91-1 Sokong-Dong, Chung-ku
Seoul 100, Korea
Tel: 82-2-752-1190
Fax: 82-2-753-3941

Shanghai
Suite 808 Shanghai Centre
1376 Nanjing Xi Lu
Shanghai, P.R. of China
Tel: 86-21-6279-7007
Fax: 86-21-6279-7002

Singapore
80 Robinson Road #18-01
Singapore 068898
Tel: 65-228-3201
Fax: 65-224-6627

Sydney
Level 32, The Chifley Tower
2 Chifley Square
Sydney, N.S.W. 2000, Australia
Tel: 61-2-9367-6700
Fax: 61-2-9232-5936

Taipei (ANK)
63 Sung-Chiang Road
3rd Floor
Taipei, Taiwan, R.O.C.
Tel: 886-2-500-4639
Fax: 886-2-516-3134

Vienna
Opernring 1/R/509
1010 Vienna, Austria
Tel: 43-1-587-8921
Fax: 43-1-587-8930

Washington, D.C.
1101, 16th Street, N.W.
Suite 400, Washington, D.C.
20036, U.S.A.
Tel: 1-202-857-0950
Fax: 1-202-223-6010

Yangon
8th Floor, FMI Centre
No. 380 Bogyoke Aung
San Street
Yangon, Myanmar
Tel: 95-1-248-906
Fax: 95-1-248-904

DOMESTIC SALES OFFICES

Sapporo
Tokyo
Nagoya
Osaka
Fukuoka
Okinawa
and 44 other cities

RESERVATIONS

Sapporo		
	International	(011) 281-1212
	Domestic	(011) 726-8800
Tokyo		
	International	(03) 5489-1212
	Domestic	(03) 5489-8800
Nagoya		
	International	(052) 971-5588
	Domestic	(052) 962-6211
Osaka		
	International	(06) 372-1212
	Domestic	(06) 534-8800
Fukuoka		
	International	(092) 474-1212
	Domestic	(092) 752-8800
Okinawa		
	International	(098) 861-1212
	Domestic	(098) 861-8800

Airlines
- All Nippon Airways Co., Ltd.
- Air Nippon Co., Ltd. (ANK)[1]
- Air Hokkaido Co., Ltd. (ADK)[1]

and three other companies

Trading and Travel
- ANA World Tours Co., Ltd.[1]
- All Nippon Airways Travel Co., Ltd.[1]
- All Nippon Airways Travel Kyushu Co., Ltd.[1]
- ANA Travel Okinawa Co., Ltd.[1]
- ANA Trading Co., Ltd.[2]

and 11 other companies

Resorts and Hotels
- ANA Enterprises, Ltd.[1]
- Narita ANA Enterprises Co., Ltd.[1]
- ANA Hotel Sapporo Co., Ltd.[1]
- ANA Hotels Hawaii, Inc.[1]
- ANA Hotels & Resorts (USA), Inc.[1]
- ANA Holding Pty., Ltd.[1]
- ANA International Europe B.V.[1]
- ANA Enterprises(USA), Inc.[1]
- ANA Hotel Kyoto Co., Ltd.[2]
- ANA Enterprises Osaka, Ltd.[2]
- Okinawa ANA Resort Co., Ltd.[2]
- ANA Hotel Hiroshima Co., Ltd.[2]
- ANA Hotel Ube Co., Ltd.[2]
- ANA Hotel Hakata Co., Ltd.[2]
- ANA Hotel Kanazawa Co., Ltd.[2]
- Ryuku Development Co., Ltd.[2]

and 22 other companies

Flight Support
- INFINI Travel Information, Inc.[1]
- ANA Hotels Network System Co., Ltd.[1]
- International Flight Training Academy, Inc.[1]
- ANA Aircraft Maintenance Co., Ltd.[1]
- ANA IHI Aeroengines Co., Ltd.[1]
- ANA Aerotech Co., Ltd.[1]
- ANA Avionics Co., Ltd.[1]
- ANA SKYPAL Co., Ltd.[1]
- Jamco Corporation[2]
- The Osaka Airport Service Co., Ltd.[2]
- The International Airport Utility Co., Ltd.[2]
- Sapporo Air Service Co., Ltd.[2]
- Fukuoka Air Service Co., Ltd.[2]
- New Kansai International Airport Service Co., Ltd.[2]
- New Tokyo Airport Service Co., Ltd.[2]

and 39 other companies

Foods & Catering
- Unkai Co., Ltd.[1]
- ANA Catering Service Co., Ltd.[2]
- Kansai In-flight Catering Co., Ltd.[2]

and five other companies

New Business
- ANA Information Systems Planning Co., Ltd.[1]
- MC Mates Co., Ltd.[2]

and eight other companies

Real Estate
- ANA Real Estate Co., Ltd.[2]
- Airport Facilities Co., Ltd.[2]

and ten other companies

and 26 other companies, total of 170 companies

[1] Consolidated subsidiary
[2] Accounted for using the equity method

Date of Foundation:	December 27, 1952		
Head Office:	P.O. Box 106, Kasumigaseki Bldg. 3-2-5, Kasumigaseki Chiyoda-ku, Tokyo 100, Japan Cable: Airways ANA Tokyo Telex: ANATLX A J33670		
Paid-in Capital:	¥72,142,299,400		
Number of Shares of Common Stock:	Authorized 2,203,200,000 shares Issued 1,442,724,240 shares		
Number of Shareholders:	130,407		
Major Shareholders:	Number of shares held (Thousands)	Percentage of total shares in issue	
Nagoya Railroad Co., Ltd.	96,439	6.68	
Nippon Life Insurance Company	43,745	3.03	
Kyoei Life Insurance Co., Ltd.	32,854	2.28	
The Tokio Marine and Fire Insurance Co., Ltd.	29,983	2.08	
The Sumitomo Trust and Banking Co., Ltd.	24,554	1.70	
The Asahi Shimbun	24,376	1.69	
The Dai-ichi Mutual Life Insurance Company	24,147	1.67	
The Dowa Fire and Marine Insurance Co., Ltd.	23,011	1.60	
The Sakura Bank, Limited	21,381	1.48	
The Bank of Tokyo-Mitsubishi, Ltd.	21,188	1.47	
Tokyu Corporation	20,171	1.40	
Number of Employees:	21,240 (consolidated)		
Transfer Agent:	The Sumitomo Trust and Banking Co., Ltd. 5-33, Kitahama 4-chome, Chuo-ku, Osaka 541, Japan		
Auditor:	Century Audit Corporation		
Stock Listings:	Tokyo, Osaka, London and Frankfurt		
Stock Price Range: (Tokyo Stock Exchange)	Fiscal Year	High	Low
	1993	1,080	855
	1994	1,260	971
	1995	1,210	941
	1996	1,150	895
	1997	1,200	739

ALL NIPPON AIRWAYS CO., LTD.
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