



CSR Report 2006

• Profile

ANA, founded in 1952, has been providing air transportation service for more than 50 years with safe flight operation as the top priority. Gaining customers' trust, ANA has grown to be the 11th airline in the world in terms of the number of passengers.

The ANA Group will continue to make efforts toward further growth, adhering to the safe flight operations, raising the level of customer satisfaction and aiming to be the number one airline in Asia.

• Outline of the CSR Report

Editorial Policy

The ANA Group is carrying out socially responsible approaches in our business activities. The CSR Report has been produced since last year so as to present plain and simple descriptions of our CSR activities to a wide range of our stakeholders. The CSR Report for this year has incorporated our environmental activities accompanied by detailed data.

Organizations Covered

In principle, the ANA Group as a whole.
(Some activities are distinct to All Nippon Airways Co., Ltd. or its Group companies.)

Period Covered

April 1, 2005 to March 31, 2006
(Includes some activities before or after this period.)

Reference Guidelines

"Sustainability Reporting Guidelines Version 3.0"

Global Reporting Initiative

"Environmental Report Guidelines

(Fiscal Year 2003 Version)"

Ministry of the Environment (Japan Government)

Date of Publication : October 2006

Cover Art and Illustrations

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First Prize entry

Four Seasons

Claire Ho Yan Yu (China)

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As a corporation linking the world through air transportation, ANA has an interest in helping to preserve the global environment. Our ongoing efforts to curtail CO₂ emissions and the consumption of natural resources include forestation activities and participating in the design of next-generation, higher-efficiency aircraft.

Astronaut Soichi Noguchi flew aboard *Discovery* in 2005 and has logged over 333 hours in space, including three spacewalks. We spoke with Mr. Noguchi about the global environment, aviation and space travel, and discovered common attitudes toward safety.



Mineo Yamamoto

President & CEO
All Nippon Airways, Co., Ltd.

Soichi Noguchi

Astronaut
Japan Aerospace
Exploration Agency



Michiko Otsuki

Director
Environment and Social Affairs
All Nippon Airways, Co., Ltd.

In the Sky or in Space, Safety Counts

THE EARTH FROM AFAR

Yamamoto: Mr. Noguchi, you went to space last year aboard the space shuttle. Though you touched on this in your book *Only One*, please describe how you felt on seeing the Earth from up there in space.

Noguchi: Before actually seeing it, I had a vague image of Earth—of its beauty. When I actually saw our planet from space, its existence really sank in and I felt I ought to make efforts to help protect it.

Otsuki: Could you see any effects of global warming from outer space?

Noguchi: If you look at photos of the Earth taken by the first cosmonaut, Yuri Gagarin, some 45 years ago—or even ones taken from *Apollo* in the late 1960s—and ones taken today, there are clear differences. For example, the effects of global warming can be seen by the naked eye. The Amazon and forests in Southeast Asia appear quite different.

Otsuki: Were there any reminders in space of the thinning of the ozone layer?

Noguchi: We didn't physically feel it but the difference can be confirmed by scientific data. In addition to the ozone hole over Antarctica, there is an area above South Africa where the ozone is thinner and the UV stronger. Together with Mission Control Center we had to be on guard when passing over the area in case it affected the ship's computers.

Yamamoto: I see. That only confirms why it is our most important social responsibility to provide our services, air transport and others, in a way that allows us to co-exist with the Earth.

ENVIRONMENT-FRIENDLY PLANES

Otsuki: As an airline we of course have a significant impact on the environment. It's something we are tackling through various environment-friendly approaches.

Noguchi: Which approaches are you taking?

Otsuki: Energy saving and recycling, plus more efficient flight operations—we reduce fuel consumption by optimizing the burn rate. In FY2005, we reduced fuel consumption by 18,000 kiloliters compared to the previous fiscal year. This is roughly 90,000 oil drums—equivalent to 69 roundtrips between Tokyo and New York on a Boeing 777-300. Also, starting from 2008, we will be introducing the new Boeing 787 (B787). This plane's extensive use of composite materials makes it considerably lighter than conventional aircraft, and as a result we can reduce fuel consumption by about 20%.

Yamamoto: Also, compared with conventional aircraft, the B787 offers greater control of air pressure and humidity, improving comfort on board. ANA joined in the development of this aircraft designed with the global environment in mind, and was the first airline to place an order.

Noguchi: I'm looking forward to its debut in 2008.



● Soichi Noguchi

Mr. Noguchi was born in 1965 in Kanagawa Prefecture. He graduated the University of Tokyo in 1991 (Master of Engineering) and joined Ishikawajima-Harima Heavy Industries in the same year. In 1996 he was selected as an astronaut candidate by the then National Space Development Agency of Japan (NASDA) and started training at NASA. In 1998 he qualified as a mission specialist and was assigned to the space shuttle crew in 2001. He flew on *Discovery* in July 2005, and during his three spacewalks, was engaged in a series of newly devised inspections and repairs.

Otsuki: We are also working to cut fuel consumption by lightening the weight of seats, and even of dishes for in-flight meals. We have made crew uniforms lighter by using new materials. So we are tackling the issue from various angles.

Noguchi: If you are evolving into an environment-friendly airline, then I, as a passenger, welcome the change.

Yamamoto: I understand the Japan Aerospace Exploration Agency (JAXA), is also working on aircraft development from a technical perspective.

Noguchi: Yes. We are studying how to reduce the exhaust and noise emissions of aircraft engines.

We also took over the “eco-engine” project initiated at the National Aerospace Laboratory of Japan (NAL) and we are also improving the designs of airframes.

Yamamoto: I see. We too will continue to work to minimize the environmental impact of our operations.

THE PROMISE OF SATELLITE NAVIGATION

Yamamoto: We in the airline business are very pleased about the successful launch of JAXA's H-2A rocket and its deployment of the Multi-Functional Transport Satellite. By making use of such satellites, we can optimize our flight plans

and save fuel. Another benefit would be less waiting time on the ground when the airways are crowded. Further, advanced data from the latest weather satellites will help us to avoid turbulence, resulting in more comfortable flights.

Noguchi: I believe satellites can play a great role in improving society. Right now, aircraft navigation is switching from ground-based systems to satellite ones. I use the Wide Area Augmentation System (WAAS) that supports GPS in the



training jet I fly every week in the US. Once we have a unified satellite navigation system among nations, it will surely lead to lower fuel consumption and better flight safety.

GROUND-AIR COLLABORATION FOR SAFE FLIGHTS

Yamamoto: At the ANA Group, we are working on safety for more than 900 flights a day around the world.

Noguchi: I would like you to attach importance to the safety of every one of them. Collaboration between ground and air is vital. With space shuttles, we have the Mission Control Center. As depicted in the film *Apollo 13*, the Mission Control Center is a dependable support system. On my mission, there was an incident where small strips of ceramic-fiber cloth used as gap-fillers were jutting out from between the heat tiles after launch. The risk was analyzed by the Mission Control Center and Engineering Room, procedures were devised using tools available onboard, and we problem-solved like in the

movie, coordinating with the Mission Control Center. It can provide invaluable expertise and directions should the need arise.

Yamamoto: We have an Operation Control Center that functions similarly. All aircraft are monitored round-the-clock from the ground and given flight, weather and maintenance support. Also, if a medical emergency occurs, our system can link up with a medical support center that can guide crew onboard.

Noguchi: At JAXA, we are carrying out studies on such factors as flight characteristics, navigation, guidance, control systems, human factors, weather observation, and airframe structure that will enhance air safety. In this way we, too, are contributing to airline safety.

WHAT GOES UP...

Yamamoto: We are always doing our utmost to provide a public transportation service with high reliability. In doing so, however, we sometimes need to delay departures and inconvenience passengers due to aircraft maintenance or poor weather. We make efforts to ask passengers' understanding because at ANA, no compromise is ever permitted vis-à-vis safety, our core principle.

Noguchi: The launch of the shuttle I flew on was postponed because of mechanical trouble. When there was a problem with the heat-shield panels, we considered safety of utmost importance and repaired the shuttle in orbit despite it resulting in scheduling delays.





Yamamoto: Even with the most advanced aircraft, landing safely under poor weather such as heavy snow or fog can be difficult, and we are sometimes obliged to land at a nearby airport or return to the departure airport. How about with the space shuttle?

Noguchi: Just as with airliners, safety is of paramount concern on the space shuttle. A launch can be postponed but once you're up there, you cannot delay the return for very long. Also, on reentry a space shuttle cannot circle around and try to land again. For this reason precise weather analysis of the landing point is critical.

Yamamoto: At ANA as well, since we acknowledge the importance of weather in flight operations, our own weather forecast is analyzed by a special section. In addition, even at such airports as Kushiro and Kumamoto prone to fog, ANA's fleet can land under a special procedure called CAT III. At the ANA Group, pilots, mechanics and cabin attendants undergo highly specialized training to ensure safe and comfortable flights.

Noguchi: Safety, whether in the sky or in space, depends on the training and hard work of many individuals, doesn't it?

Yamamoto: So it does. Do you have any advice or comments for the ANA Group?

SAFETY FIRST, THEN COMFORT

Noguchi: I would like you first to try to assure safety, then to pursue comfort. As I travel across the world for training, I really appreciate having a relaxing time in the sky. What I would really like, if I can be greedy, is for a relaxing atmosphere that makes me feel better than when I boarded!

Yamamoto: The ANA Group will continue to provide safe, comfortable and environment-friendly services in our business based on air transportation as the "Anshin, Attaka, Akaruku-Genki!" (Reliable, Warm, Enthusiastic!) TEAM ANA. I think our most important social responsibility is working to create a sustainable society together with our stakeholders, through air transportations as our fundamental base, instead of regarding CSR as a special activity.

Noguchi: There are diverse approaches to CSR. Corporations, organizations, governments, and so forth, each has its own approach, I think. I feel that by sharing the responsibilities we can achieve a better society.

Yamamoto: As an airline group socially responsible for public transportation, TEAM ANA will focus on fulfilling its social responsibility through air transportation, and steadily promote our CSR.



Only One Zutto Uchu ni Ikitakatta
(lit. Only One—Always Dreaming to Go Out Into Space)
By Soichi Noguchi

Team ANA will enforce the ANA Group's Corporate Philosophy.

On March 3, 2006 ANA marked its 20th anniversary of international service. Founded as a domestic airline, we now operate 500 scheduled flights per week to 35 international destinations, carrying over four million passengers a year—50 million when counting our domestic customers.

Our business clearly has a social facet, and maintaining the safe, reliable and pleasant service that has earned us your trust is our responsibility as a public transportation provider.

The operation can only function smoothly when each ANA Group company fully performs its role. We intend to evolve the ANA Group into a solid corporate team—TEAM ANA, a team that shares a philosophy and vision, works toward the same goals and respects each other's roles.

TEAM ANA business is based on the ANA Group's Corporate Philosophy, which is composed of six courses of action. I think it the base of TEAM ANA's existence to provide security to, and to be relied upon by, society. We, TEAM ANA, therefore promise to implement our philosophy as a group of professionals cognizant of the importance of this role.

On a foundation of security and reliability,
Team ANA will:

- Create attractive surroundings for customers
- Continue to be a familiar presence
- Offer dreams and experiences to people around the world

(from the ANA Group Corporate Philosophy)

We will fulfill our responsibility to our stakeholders with safety at its core.

The ANA Group is aiming at sustainable coexistence with society and enhancement of our own corporate value through communication with every stakeholder.

We believe that maintaining flight safety is of utmost importance; this is stated at the beginning of the ANA Group Safety Principle ("Safety is our promise to the public and is the foundation of our business") and shared by all executives and employees at the ANA Group. And we are maintaining our responsibility to safety above anything else as the foundation of our business. Not only the safety of flight operations but safety in every service we offer, we think, is a prerequisite for us to be relied on by all the stakeholders as a corporate group close to society.

Further, fulfilling our responsibility for compliance, which covers not only observance of laws and regulations but also corporate ethics, is another prerequisite. We think that by satisfying our responsibilities for safety and compliance, we meet our financial responsibility (return to society through improved profitability, dividends and taxes), the base requirement for corporations to do business.

For our customers' further "security" and "trust," raising the level of quality in our services and increasing employee value are indispensable. To this end, we have to work to enhance customer satisfaction (CS) and employee satisfaction (ES).

By not neglecting these fundamental airline responsibilities, the ANA Group is performing its duty for social innovation through as much cooperation and support as we can offer from the corporate standpoint toward solving social and environmental problems.

We reported on the ANA Group's Corporate Social Responsibility activities for the first time last year in the CSR Report 2005. This year, we combined the ANA Group Environmental Report previously issued separately to report on our activities across the entire spectrum.

**We will promote CSR efforts, earn your trust
and aim to become number one in Asia.**

We further believe that communicating with our stakeholders is essential to our CSR efforts. We would like to hear from you at every opportunity and utilize the feedback in the ANA Group's business operations. We launched the ANA Group Safety Forum to receive comments and advice from a wider range of viewpoints; this feedback will certainly help in planning future safety measures.

As stated in the ANA Group's 2006-2009 Mid-Term Corporate Plan, our goal is to achieve the Group Corporate Vision of becoming the number one airline group in Asia in fiscal 2009 in terms of value creation, quality and customer satisfaction. We realize that reaching this goal will require us to earn your trust through our CSR.

We would very much appreciate hearing your comments on our efforts.

October 2006



Mineo Yamamoto
President and Chief Executive Officer



Outline of Business

The ANA Group consists of All Nippon Airways Co., Ltd. (ANA), 129 subsidiaries and 42 affiliated companies. The Group's business is based on air transportation, along with travel services and hotel operations.



TEAM ANA supporting the ANA Group's operations

Air Transportation

ANA, Air Nippon Co., Ltd., and Air Japan Co., Ltd. are the Group's principal providers of passenger, cargo, and mail transportation services. With 49.6 million passengers a year, we are the world's 11th largest airline.

Domestic Passenger Operations

With 913 flights each day on 138 routes—representing some 45.5 million passengers a year—the ANA Group enjoys a market share of approximately 50%.

International Passenger Operations

The ANA Group operates 494 flights a week on 35 routes and carries 4.1 million passengers a year on its own flights. ANA is a leading member of Star Alliance, the world's largest airline network.

Cargo and Mail Operations

In its cargo and mail operations, the Group exploits available space on both passenger aircraft and cargo freighters. Efforts to make the operation our third core business such as by increasing the number of freighters are ongoing.

Travel Services

With ANA Sales Co., Ltd., as the driving force of its travel services, the Group develops and markets products combining its air transportation and hotel services.

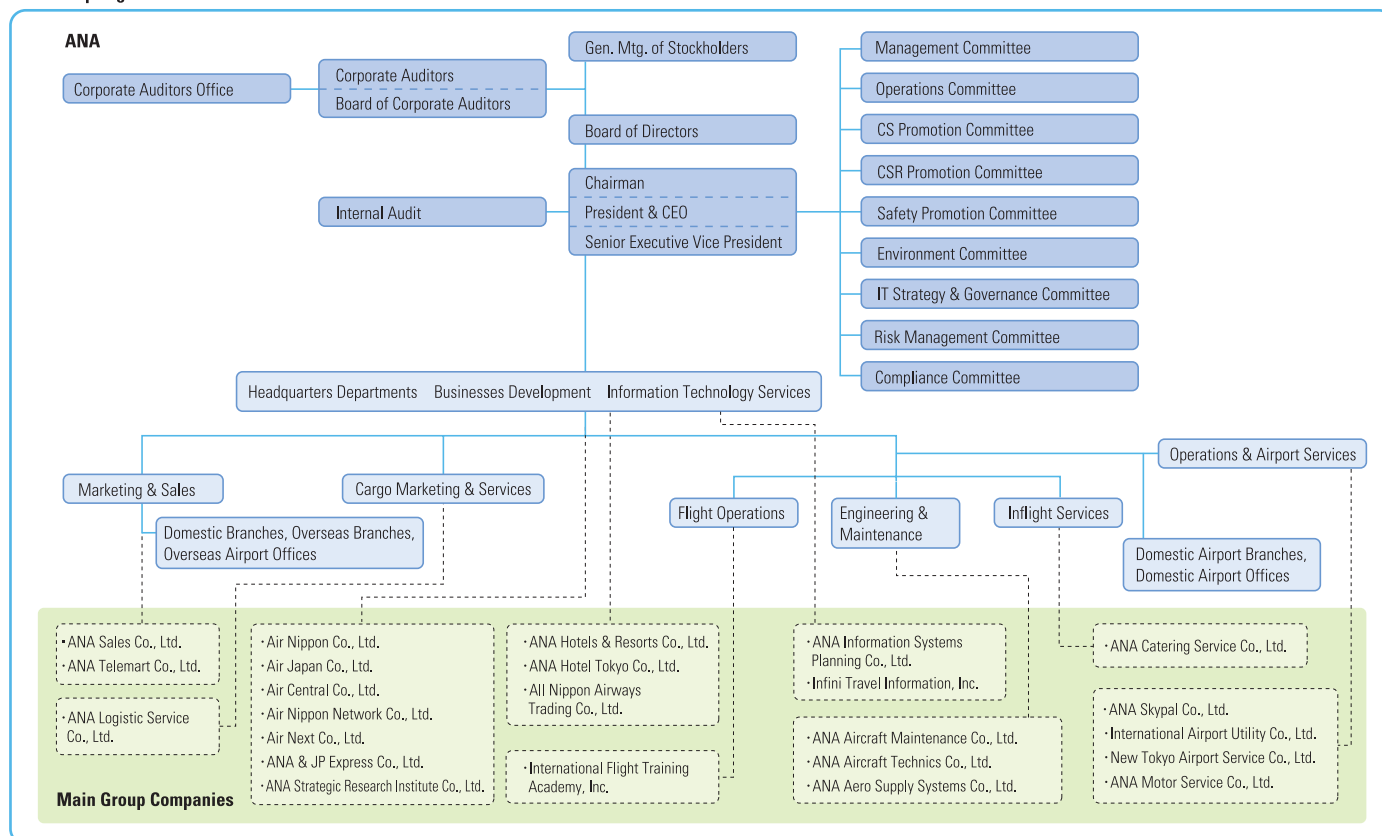
Hotel Operations

Through ANA Hotels & Resorts Co., Ltd., the Group manages hotels in major Japanese cities and provides hotel chain management support.

Other Businesses

In other businesses, the Group's operations are principally related to air transportation, including information and telecommunications, trading, retailing, real estate, building maintenance, logistics, distribution and aircraft interior maintenance.

ANA Group Organization

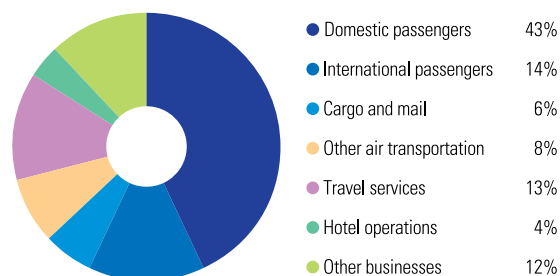


Corporate Data

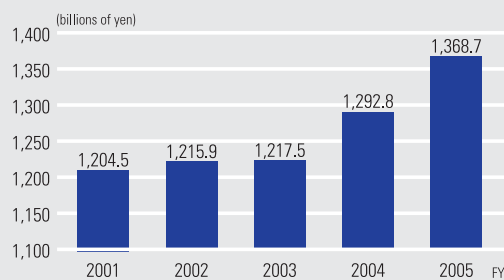
Corporate Outline

Company name	All Nippon Airways Co., Ltd.
President	Mineo Yamamoto
Date of establishment	December 27, 1952
Address	Shiodome City Center, 1-5-2 Higashi-Shimbashi, Minato-ku, Tokyo 105-7133, Japan
Website URL	http://www.ana.co.jp/eng
Paid-in capital	¥160.001 billion
Number of employees	30,322 (ANA Group)

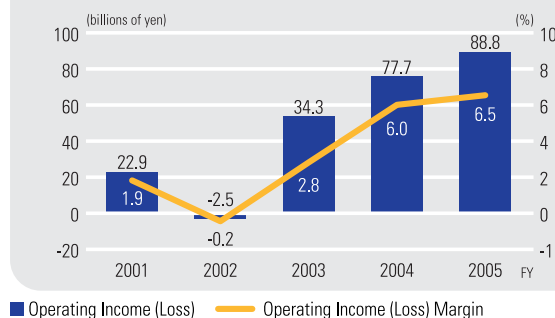
Segment Revenues / Percentage of Total Operating Revenue



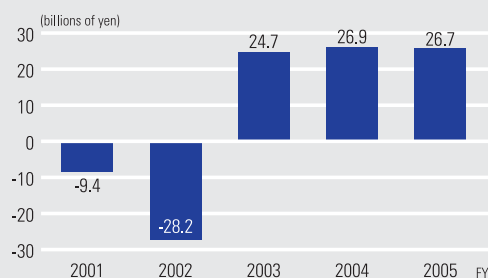
Operating Revenues



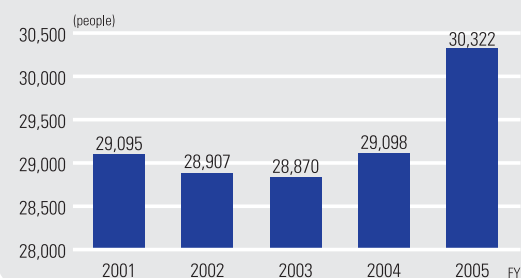
Operating Income (Loss) & Operating Income (loss) Margin



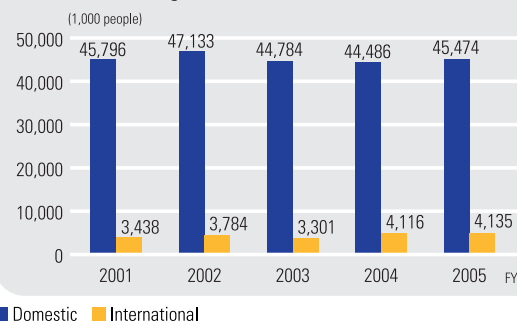
Net Income (Loss)



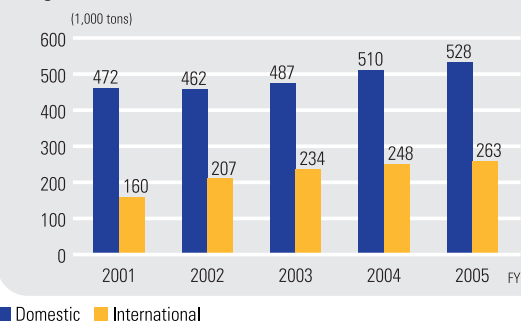
Number of Employees



Number of Passengers



Cargo and Mail Volume



Route System and Fleet

Domestic Network (as of June 2006)

Passengers

Number of routes: 138

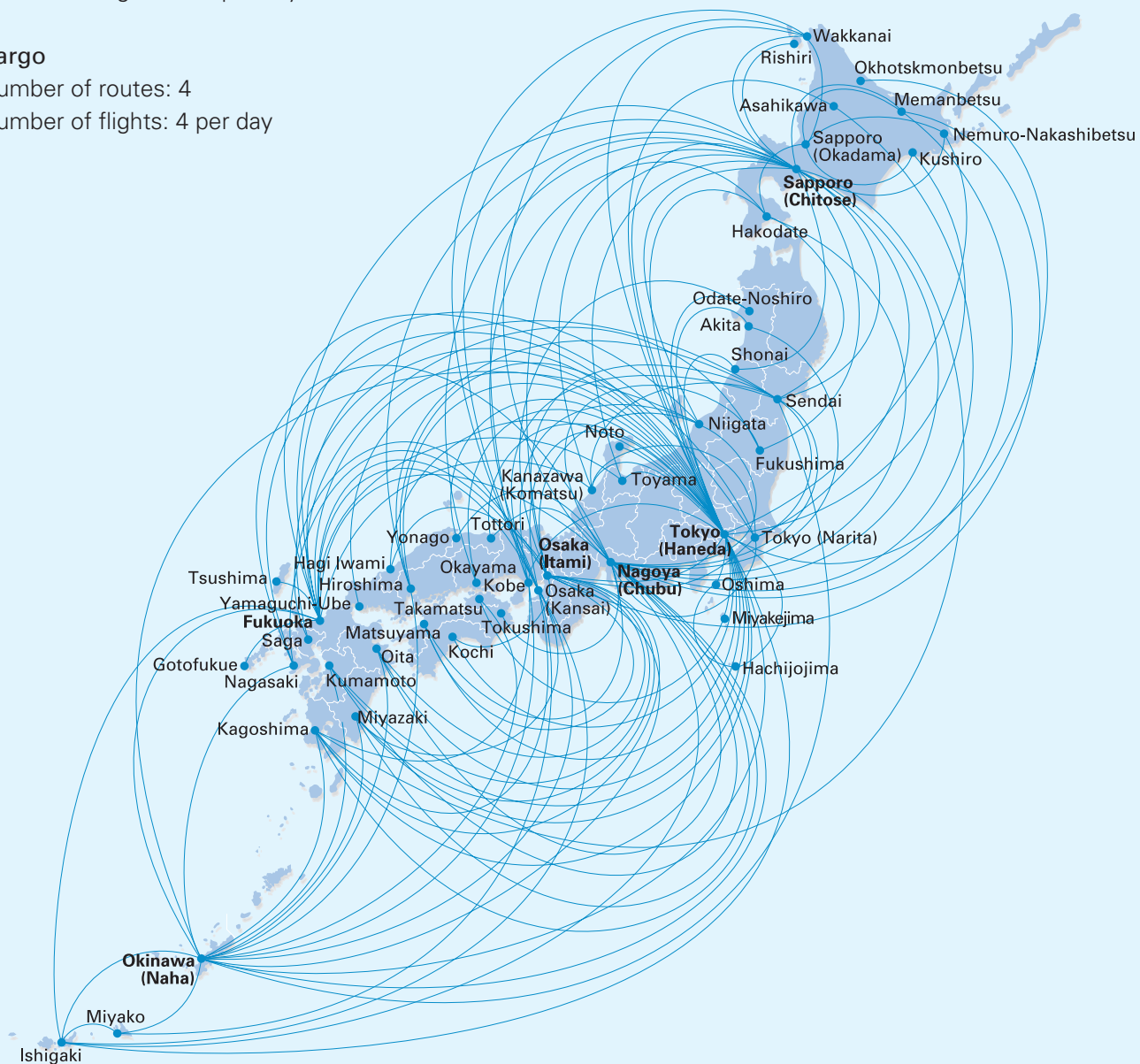
Number of flights: 913 per day

Cargo

Number of routes: 4

Number of flights: 4 per day

● Cities served by ANA, including code-sharing with IBEX Airlines and Hokkaido International Airlines (Air Do)



Fleet: 12 types / 201 aircraft (as of October 2006)



Boeing 747-400
23



Boeing 777-300
14



Boeing 777-200
23



Boeing 767-300
53



Airbus A320
28



Airbus A321
4

International Network (as of June 2006)

Passengers

Number of routes: 35

Number of flights: 494 per week

(ANA Group total, excluding code-share flights)

Cargo

Number of routes: 17

Number of flights: 52 per week



Illustrations from ANA VISION



Boeing 737-700
6



Boeing 737-500
25



Bombardier DHC8-Q300
5



Bombardier DHC8-Q400
12



Fokker-50
4



Boeing 767-300 (freighter)
4

High level of customer trust is our pride.

Over one billion customers served

ANA, founded in 1952, has been providing safe and reliable air travel for over half a century. With its expansion into international services, ANA has served more than one billion customers since its founding and grown to become the 11th airline in the world—carrying 49.61 million passengers annually and attesting to the high level of customer trust in the ANA Group. Here is a brief history of ANA.

Cumulative Total Number of ANA Passengers

The total number of passengers in FY1953, our first year of scheduled flights, was 664.

1952~

Startup phase: commencement of scheduled flights

In 1953, the year after its establishment, ANA (then Japan Helicopter & Aeroplane Transports) commenced operation of the first scheduled flights by Japanese pilots after WWII. In 1955, we inaugurated the Tokyo-Nagoya-Osaka route on Douglas DC-3 and introduced stewardesses. In 1956 we held our first social contribution activity, the Lily of the Valley Flower visit, which continues to this day. In 1957 the company merged with Far Eastern Airlines and was renamed All Nippon Airways.



Stewardesses join the flight crew

1960~

A new public transportation system in Japan

By FY1960, the total number of passengers had exceeded one million and three years later we had established “beam lines” connecting Tokyo with regional cities. The trip from Tokyo to Miyazaki could now be made in 2 hours 25 minutes, underlining the speed of airplanes. In 1964 we relayed the Tokyo Olympics torch on a YS-11. Demand for air transportation grew greatly in Japan along with the economy, and in 1965 ANA introduced the Boeing 727, propelling the country into the jet age. By FY1966 the total number of passengers had exceeded 10 million, and ANA had become a reliable new means of public transportation in Japan.



The Tokyo Olympics torch relayed by YS-11

1970~

The era of mass public transport by air

ANA's first international charter flight, to Hong Kong, took off in 1971. Although the Japanese economy experienced negative growth in 1974 due to the oil shock, demand for air transportation kept growing, with our total number of passengers exceeding 100 million in FY1976. Narita (Tokyo) Airport opened in 1978 and at ANA, the Boeing 747-100SR, also known as the Super Jumbo, was introduced in 1979. The era of mass public air transportation had begun.



Boeing 747-100SR enters service

52 53 54 55 56 57 58 59 **60** 61 62 63 64 65 66 67 68 69 **70** 71 72 73 74 75 76 77 78 79 **80**

1980~

Scheduled international services

With the Japanese economy having reentered a period of stable growth, there was a need for cost-efficient and environment-friendly aircraft. In response ANA introduced the Boeing 767 in 1983. In 1986 we commenced scheduled international services, our long-standing dream, starting with Narita-Guam flights and later expanding to serve Los Angeles and Washington, D.C. In 1987 we inaugurated Narita-Beijing and Narita-Dalian services. The total number of passengers in FY1985 exceeded 300 million.



Scheduled international services begin

1990~

Towards the next stage

The start of this decade saw the Gulf War in 1991 and the burst of Japan's "bubble economy" one year later. Although these events led to a period of lower growth for the air transportation industry, in FY1992 our total number of passengers to date exceeded 500 million. Haneda (Tokyo) Airport's West Passenger Terminal was completed in 1993, and that same year we began flying the Marine Jumbo, a colorfully painted Boeing 747-400—the first such aircraft in the world—which became very popular. Kansai International Airport opened in 1994. In 1995 we introduced the economical and environment-friendly Boeing 777-200. In 1999 we joined Star Alliance, the world's biggest airline network, thereby entering a new stage in our evolution.



Marine Jumbo enters service

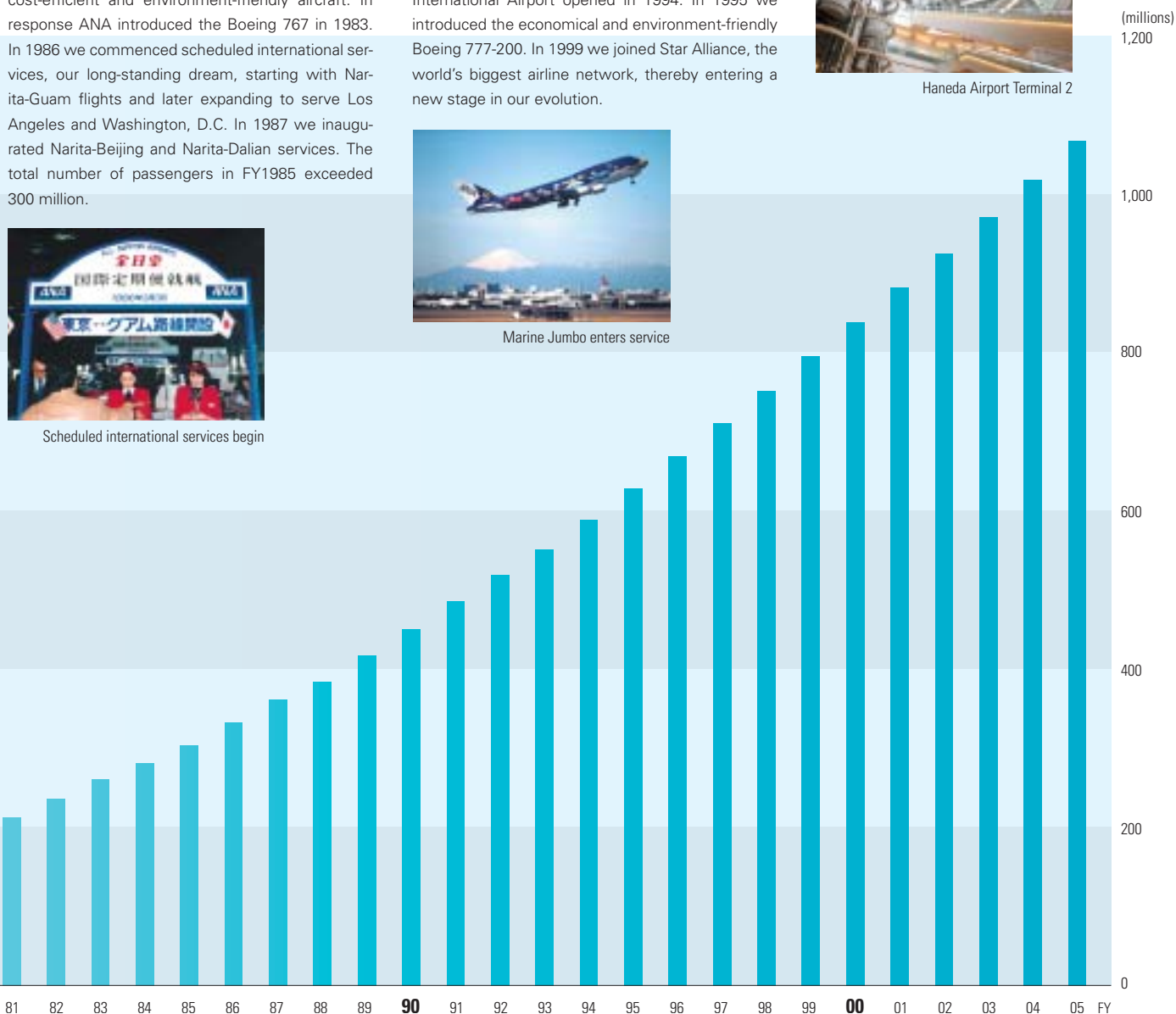
2000~

Aiming to be the number one airline in Asia

Convenient online booking became available via the Internet. In addition we increased the scope of discount fares, expanding the range of choices for customers. In FY2004, Haneda Airport's Terminal 2 building opened, as did the Central Japan (Nagoya) International Airport in the following year. In 2006 the South Wing of Narita's Terminal 1 opened, further strengthening the foundation of our business. With safety as a top priority, the ANA Group, having served over one billion passengers, continues its efforts to become the number one airline in Asia.



Haneda Airport Terminal 2





Ikuko Nakao
Goto Mayor

ANA's Cooperation Expected

Goto—Towards a Virtual City?

Goto City, consisting of 11 inhabited islands some 100 km west of Nagasaki City, was founded in 2004 following the merger of one city and five towns. This is a typical remote-island town; the ANA Group operates four daily flights, connecting its 46,000 citizens with Fukuoka. We interviewed Mayor Ikuko Nakao about the current status of the city and its expectations of ANA.

What kind of place is Goto City?

White sand beaches, different coast lines by island... it's a beautiful place. You can hear the sound of waves, the sound of flying fish, the chirping of wild birds. You can enjoy nature with your ears. Goto is rich in foodstuffs as well. Not only the fish and seaweed but vegetables are very tasty. And we have Goto cattle, shipped to Mie Prefecture where the *bebenko* (calves) become famous Matsuzaka beef. The air is so clean that some people come here as treatment for lung cancer.

In addition to such natural affluence, we pride ourselves on our community. Everybody loves to help others. When Goto became the first remote island to host the kendo tournament in the Japan inter high-school athletic meet held in Nagasaki Prefecture in 2003, we had 4,000 guests—players and supporters—stay at our homes.

How we feel about Goto is expressed in our slogan: "Goto City, Marine City Creating Affluence of Islands." It is everybody's hometown. Come over anytime you tire of urban living. Goto is that kind of place.

What challenges are you facing?

We expect the population will drop to 40,000 in ten years. Goto doesn't have a university and with limited job opportunities, young people are leaving.

However, we must also consider that every crisis presents an opportunity. My idea is to have people who have left Goto register as "virtual citizens" (citizens who regard Goto City as their "heartful hometown") and in this way aim for a population of 100,000, made up of virtual citizens and resident citizens. This goal would be achieved in ten years along with raising the interactive population, i.e. those visiting Goto, to 500,000.

Virtual citizens are something like supporters of Goto City. Anybody who loves our sea and islands, whether from Goto or not, can become one. We plan to prepare various privileges for virtual citizens in return for their paying a nominal inhabitant's tax (annual fee). We would welcome virtual citizens, who could "come home" anytime they chose, not as visitors but as our own.

The administration is working to achieve these goals. What to do about

Location of Goto City





Goto-Fukue Airport served by Bombardier DHC8-Q400 aircraft

agriculture, how to protect the sea, welfare, healthcare, education, transportation including access—we have drawn up a comprehensive plan, set annual goals and are implementing them.

For example, in 2008 we'll launch a unified education system for elementary, junior high to senior high school, as it is difficult to maintain each school independently due to the decreasing number of children. Optical fiber is being laid to connect each island, and we intend to utilize it in education as well—a music teacher from a far-flung place will be able to teach a remote class, live, on a big screen and with full sound via Internet. As Nagasaki Prefecture has many remote islands, we hope to pioneer this kind of system.

What are your impressions of ANA?

When you are in a hurry, an airplane is the best and it is a very important means of getting between Goto and the mainland. Over 110,000 people flew to or from Fukuoka last year. If you take the first flight from Goto, you can make your 1 p.m. meeting in Tokyo, so it is convenient.

After I became mayor, I encountered some concern after we heard that jets would be replaced by turboprops. But you increased the frequency to four flights, and passengers have increased, so I'm relieved for now. The pilots are skillful, and cabin attendants seem so close, different from on big planes. I think the service is commensurate with the size of the island. But, as it is a new aircraft, there are some technical problems that I would like ANA to solve. We are grateful to ANA for your cooperation in the "Ironman Japan" triathlon meet held in May 2006.

In the meantime, since the service was replaced by turboprops, we became

Ironman Japan Triathlon Goto Meet



unable to ship shellfish by air, and have been obliged to ship them by sea. We are having trouble because they arrive late for the bidding, and the price drops. Further, there are many tours from Tokyo to Fukuoka, but hardly any to Goto. I'd like to see you create fares that attract people to Goto, so we achieve our goal of increasing the "interactive" population.

Please talk about your future aspirations.

Goto City doesn't yet have a complete infrastructure. The five towns that merged had only 10% of their own financial resources and couldn't do anything. There were towns without school food service. In some areas, water pipes are so old that only half the water reaches people. We managed to have school food delivered from a neighboring town by car, but we are in dire straits with our finances running on empty.

Beautiful scenery. Beautiful sounds. Rich and delicious food. And wonderful people. Goto is a real treasure chest. We are striving for its future, thoroughly undertaking cost reductions, including 10% salary cuts for civil servants and 20% for myself for three years.

I have big expectations of ANA making Goto easily accessible for everybody, and look forward to your cooperation in helping to vitalize these remote islands.

Ikuko Nakao

Born on April 24, 1935 in Miirakucho, Goto City. Graduated from Nagasaki Higashi High School. Chief Director of Goto Central Hospital, Nagasaki Prefecture Remote Islands Medical Service Union. After assuming four terms as member of Fukue City Council from September 1990 to 2004, she assumed the post of Goto Mayor in September 2004.

Overseas Travel for All

ANA Sales' "Universal Tourism"

ANA Sales employs an approach called "Universal Tourism" in which anyone, regardless of disability or age, can travel with ease and comfort. This is ANA Hallo Tours, our overseas travel package. Over 2,000 people with disabilities have already participated in our tours.



Special cards for hearing-impaired tour participants

Dedicated Staff for Special Needs

Since 1998, ANA Hallo Tours saw increased bookings from customers with special needs, which were taken care of by the Reservations Center. Due to the variety of special needs, we could not always provide services that satisfied each individual case, resulting in customer complaints.

To provide better service, in April 2001 ANA Sales deployed a team of coordinators at the Reservations Center dedicated to making arrangements for passengers with special needs.

We wondered whether other travel agencies had such dedicated departments. There are a few that arrange and offer "barrier-free" tour packages, or travel products for the disabled, but no travel agencies with a special, dedicated department such as ours.

Know-how, experience and detailed advice from ANA's Sky Assist Desk helped in developing the current service.

Building Trust with Customers

Since the schedule and itinerary of most package travels, including ANA Hallo Tours, are based on a normal walking speed, elderly and disabled participants may be subjected to excessive physical



Letter of appreciation from customers



ANA Hallo Tour brochures



Takao Muroi, "Universal Tourism" staff

strain and remark, "I didn't expect this."

To avoid such misunderstanding, it behooves a travel agency to explain its services properly and make efforts to remove any discrepancy between customers' image and the actual service. Customers must be given full details so that they can visualize the overall trip and its physical requirements. For example, in the case of a customer with a walking disability, we explain the number of steps and even the height of each step. Doing so relieves the customer's anxiety and creates a relationship of trust.

Tools to Ensure Pleasant Travel

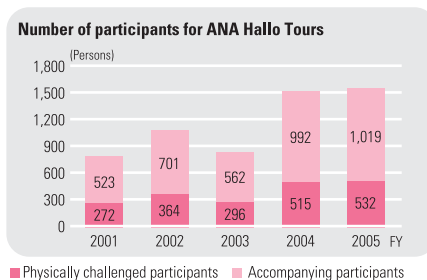
For customers with physical disabilities, potential problems differ depending on the disability, its degree and conditions at the destination, so we study each customer's case. From this we were able to create a set of tools.

For example, hearing-impaired participants are given special itinerary cards listing meeting times and rest stops; another card lists information in

case of emergencies, and so forth. We can then communicate by pointing to items on the card. It's a simple idea but highly effective.

We make use of customer feedback, clearly explaining which services we can offer and which we cannot, and enhance travel comfort with our tools. As a result of these efforts, people with special needs who previously could not enjoy overseas travel now can, with ANA Hallo Tours.

We will not forget that many customers will be able to participate in tours through the efforts of everyone at ANA Sales, and we will do our best so that even more people can enjoy traveling overseas.



Comment from "Universal Tourism" staff

I have been engaged in various jobs related to travel. The work has become a great joy for me since I joined the team of dedicated staff in April 2001. I often receive positive comments from customers who have participated in our tours. We have fewer complaints, and the cancellation ratio has become quite low compared with regular package tours. I feel that our detailed, useful advice must be giving a sense of confidence to customers who have great expectations for their trips. They can enjoy overseas travel with ANA Hallo Tours in a way that's just not possible with other travel agencies. I think this leads to the trust of our customers.

Takao Muroi,
Tour Assist Group,
ANA Sales

Corporate Philosophy, Corporate Vision

Corporate Philosophy of the ANA Group

Our corporate philosophy sets forth our desired direction for the whole Group and is also a statement of what we must constantly be aware of in our activities. It consists of our Commitments and

Course of Action.

Our philosophy expresses our ideals for the Group and the fundamental approach it must take to prevail against competition and remain the airline of

choice. The Corporate Philosophy was established in January 2002 following discussion across ANA and its subsidiaries, from executives to employees.

ANA Group Corporate Philosophy

Our Commitments

On a foundation of security and reliability, the ANA Group will:

- **Create attractive surroundings for customers**
- **Continue to be a familiar presence**
- **Offer dreams and experiences to people around the world**

Course of Action

- 1) Maintain top priority on safety
- 2) Be customer-oriented
- 3) Contribute to society
- 4) Embrace new challenges
- 5) Debate with active interest, decide with confidence, execute with conviction
- 6) Build a powerful ANA Group by effectively utilizing human resources and focusing on teamwork as a competitive strength

ANA Group Corporate Vision

The ANA Group's Corporate Vision is based on the Corporate Philosophy and sets out our immediate goals. Specifically, our primary aspiration is to be one of the leading airline-based corporate groups in Asia. This is not merely a matter of size; we hope to rank first in Asia for quality, customer satisfaction and value creation.

To achieve this vision we have aligned our management axis along a strategic axis focusing on customer satisfaction and distinguishing ourselves from our competitors, with an emphasis on profit (i.e. value creation). We are also emphasizing "promptness and customer-first stance" and "utilizing each employee's individuality and spirit of challenge."

ANA Group Corporate Vision

With passenger and cargo transportation in Japan, elsewhere in Asia and around world as its core business, the ANA Group aims to be one of the leading corporate groups in Asia.

Being the leader in Asia means that we will become:

Number one in quality

Number one in customer satisfaction

Number one in value creation

CSR—Basic Perspective and Promotion

Basic Perspective

ANA Group's stakeholders are diverse—customers, shareholders and investors, employees, business partners, communities and society. Our CSR activities take all of these stakeholders into account, allowing us to communicate with and better satisfy each.

At the workplace, CSR means having each and every employee practice the ANA Group Corporate Philosophy, thereby giving other stakeholders a sense of reliability. In concrete terms, we will fulfill our responsibilities to

stakeholders in the following three categories:

1. We will fulfill our financial responsibility to investors by ensuring safety and compliance (base line).
2. We will fulfill our responsibility to customers by enhancing CS (Customer Satisfaction), and to employees by increasing ES (Employee Satisfaction).
3. We will fulfill our social responsibility by helping to solve community and environmental problems.

ANA's Perspective on CSR



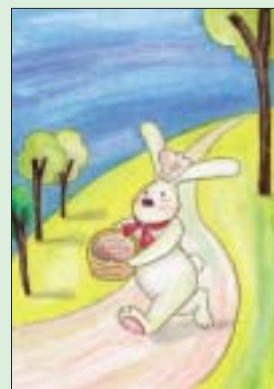
*ANA's Social Innovation

Role ANA plays through possible cooperation and support from a corporate standpoint/position toward solution of social and environmental problems.



SPIKE

Natsuko Nakamura (UK)



The Gift

Asako Kamei (Aichi, Japan)



Guri-chan's Adventure

Yumiko Yamamoto (Canada)

Promotion

In April 2005, we abolished the CSR Promotion Conference (established in April 2004) and established the CSR Promotion Committee. The committee, under direct supervision of the president and staffed by executives, decides the course of CSR in the ANA Group.

As the base of our CSR is social contribution through our business, no dedicated department has been established. Rather, each division and department play their role based on policy set by the CSR Promotion Committee.

Corporate Governance

Strengthening Transparency and Accountability

We clearly recognize the importance of maintaining management transparency and achieving accountability to stakeholders in our corporate governance. In today's harsh business climate, a competitive management structure is indispensable. For this reason we appoint as directors only executives possessing full knowledge of operations and management. Issues fundamental to the Group's management are deliberated, and decisions taken, at the ANA Group Business Strategy Conference, led by the president as chairman, with the executive officers and auditors present. The board of directors decides important issues that, under the Corporation Law, must be taken up at the board of directors meeting. We also have designated as executive officers those in departments and divisions with the most experience and expertise, thereby delegating authority for more efficient execution of operations.

In addition, we are taking measures to strengthen the supervisory capabilities of the board, including the appointment of outside directors. Similarly, we are appointing full-time external auditors to augment our auditing capabilities.

Additional measures are being taken to strengthen the system of internal control that oversees risk management, compliance and internal audits.

Management System

ANA appoints 15 directors, five auditors and 33 corporate executive officers (including directors). Our governance structure aims to set the right balance between an appropriate and prompt decision-making system, effective and efficient management and professional auditing and supervision.

1. Board of directors

ANA appoints fewer directors in the interest of prompt decision-making at board meetings. Ever since our founding, we have appointed outside directors to hear views from an objective standpoint. With these measures we are working towards strict supervision and prompt decision-making. By limiting the term on the board to one year, our management system reflects our shareholders' will.

2. Corporate executive officer system

Personnel appointed to the post of corporate executive officer are thoroughly acquainted with the business and given the authority and responsibility to execute their tasks. We started this system in 2001 with a view to building a scheme enabling such personnel to concentrate on stable operation of the company. Corporate executive officers are selected from each field to enhance management efficiency.

3. Auditing system

To strengthen our auditing capability, we appoint five auditors, including three from outside the company, to the board of auditors. Also, one full-time auditor is from outside the company. This system is designed for close external monitoring. We are also enhancing our auditing capability through linkage with the internal control system. Besides the audits undertaken by the auditors and those supported by the Corporate Auditors Office, the board examines reports from internal control units on a regular basis. This further enables it to keep a close eye on the corporate executive capabilities.

4. Account audits

Ernst & Young ShinNihon audits ANA, its work sites, and Group companies in accordance with the Corporation Law and the Securities Transaction Law. Auditing results are reported to ANA's management and to the board of auditors.

5. Business advisory board

In addition to those bodies stipulated by law, we have instituted an advisory board comprised of seven experts in various fields and representatives of top management. The board's diverse and valuable opinions on the overall business of the Group are fully reflected in our management.

Internal Control System

The aim of our internal control system is to increase stability and efficiency in business, implement appropriate information disclosure and assure observance of laws, regulations and internal rules. We consider risk management, compliance and internal auditing as the means

of attaining these goals. For this reason we established the Risk Management Committee in July 2002 and Compliance Committee and Internal Audit Department in April 2003 to complete our system of internal control.

Internal Auditing

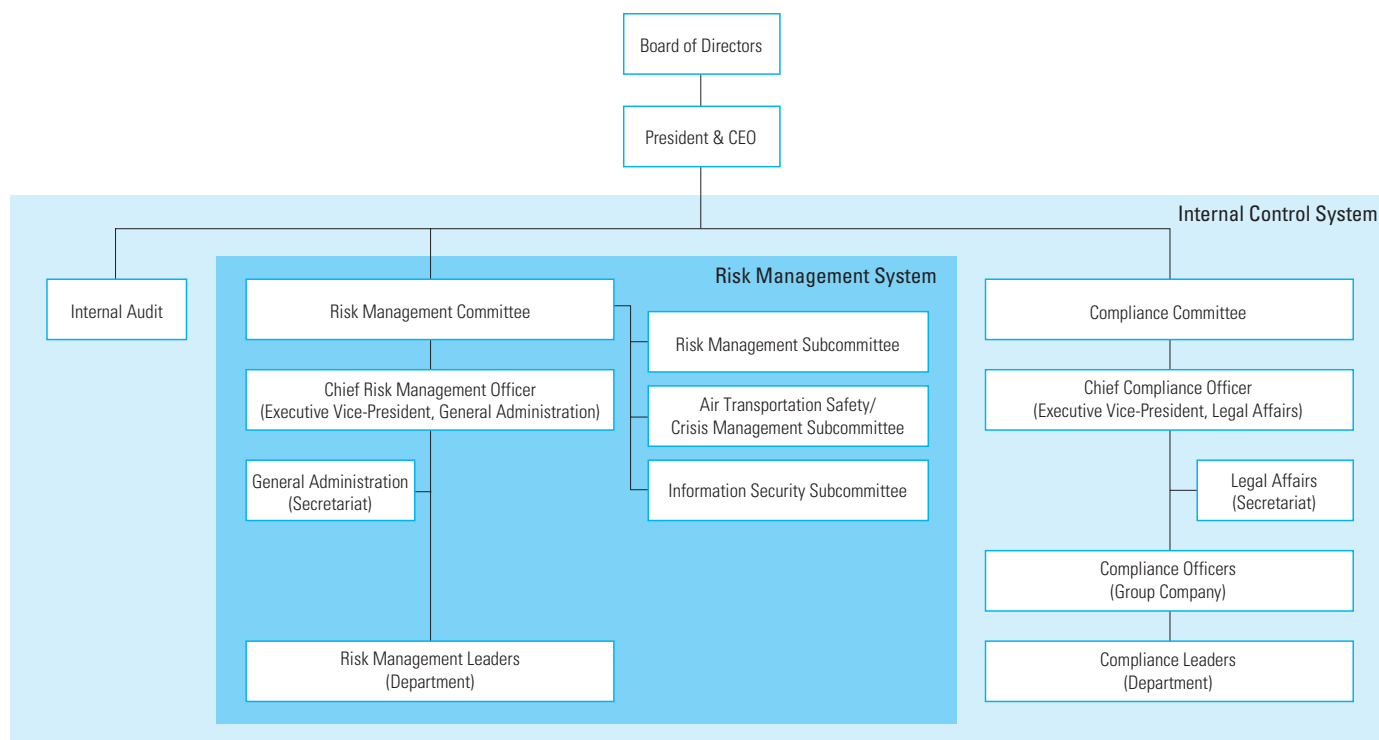
The Internal Audit Division, which reports directly to the president, implements operational and account auditing for ANA and its subsidiaries. The objective is to contribute to enhancement of the ANA Group's corporate value through (1) studying and assessing the administrative and operational systems of entire management activities as well as implementation status of operations from the standpoints of legality, rationality and corporate ethics; and (2) maintaining corporate assets and improving management efficiency by providing information based on the audit result and by advising and suggesting on improvement and rationalization.

Implementation Status

In addition to operational and account auditing, risk management-related auditing and compliance / corporate ethics-related auditing are implemented. Periodic audits are conducted in accordance with annual business plans, and non-periodic audits on request from management or as a result of various risk analyses. Regular auditing covers all organizational units (approximately 180) of the ANA Group. Plans are drawn up and implemented to audit all the major units every year,

and other units at least once every three years. The results are reported to the president on a monthly basis and to the board of auditors on a quarterly basis.

In FY2005, the Internal Audit Division emphasized accounting-related matters, personal information protection, and the internal control and risk management systems and conducted internal audits of more than 80 departments and Group companies, focusing on maintenance, ground handling and on overseas offices in China and Asia.



Compliance

Reporting directly to the president, the Compliance Committee promotes the compliance activities of the ANA Group. The Chief Compliance Officer is responsible for compliance throughout the Group, while the Compliance Officers are responsible for each Group company. Executives themselves are instructed to exercise leadership for compliance. Besides focusing on employee education and raising awareness, we have the workplace audited by divisional Compliance Leaders to identify and solve problems.



Compliance website on the intranet

Compliance as Standard Practice

Each year, we establish specific activity plans to promote compliance activities. As the theme for FY2005, the third year of our compliance activities, we chose compliance as standard practice.

We increased the number of Compliance Leaders to strengthen our activities. We also opened an outsourced Help Line to facilitate consultation. Furthermore, we revised the ANA Group Course of Action, our Code of Conduct, and ANA Group Purchase Transaction Guideline from a CSR standpoint. In FY2006 we will further enhance activities by reviewing the Group Compliance system.

Help Line—Internal Reporting Desk

In May 2003 we established the Help Line in the secretariat of the Compliance Committee. In July 2005 the Help Line was established within the Lawyer's office as a contracted system to further facilitate reporting.

The Help Line, an office for general consultation and internal reporting concerning compliance, receives consultation from all management and employees including contract employees.

In compliance with the Whistleblower Protection Act enacted in April 2006, Help Line accepts reporting from employees of companies commissioned by the ANA Group.



Help Line poster

ANA Group Code of Conduct

In May 2003, we established the "ANA Group Code of Conduct" for all Group employees. This Code was drawn up from the CSR perspective and aims to ensure the implementation of our philosophy. It covers aspects from safety management and quality control to topics such as relations with stakeholders, environmental concerns, social contributions, relations with society, rules in the workplace and employee behavior. The preamble states our position on corporate ethics.

We advocate compliance awareness to all Group executives and employ-

ees through the booklet on the Code (revised in March 2006).



ANA Group Code of Conduct booklet

Risk Management

Under direct supervision of the president, the Risk Management Committee is tasked with providing concrete risk and crisis management.

We are striving to ascertain and control risks that could impede our business in order to maintain stability and smoothly achieve our goals.

Emergency Backup Facilities

ANA compiled a Business Continuity Plan (BCP) in the event of major disasters in Tokyo. Since April 2006 we have backup facilities at the ANA Business Center Building should Haneda or Shiodome, site of our main office, become inaccessible due to disaster.



Backup facilities can accommodate up to 500 persons.

Compliance with Law to Protect the People

Based on Japan's Law to Protect the People and Military Attack Contingency, ANA and Air Nippon became designated public organizations in September 2004. Following Cabinet approval of the Measures to Protect the People in October 2005, we drafted a "business plan for implementing measures to protect the people" and reported to the Prime Minister in March 2006, and informed governors and mayors of related prefectures and local authorities.

http://www.ana.co.jp/ana-info/ana/csr/ana_060328.html
(currently available only in Japanese))

Incidents and Countermeasures in FY2005

• Failure to Retrieve Uniforms at CF Shooting

In May 2005, some of the ground staff and cabin attendant uniforms worn by extras in the shooting of the CF (commercial film) for Haneda Terminal 2 opening were not returned after the shoot. Although terms governing the loaning of uniforms were conveyed to the advertising agency responsible for the CF shoot, these were not enforced. In the future, the loaning out and retrieval of uniforms will be closely monitored by a ledger, and ANA staff will be present to prevent any recurrence of such an incident.

• Loss of Personal Data

In June 2005, three computers containing information about 5,300 ANA Mileage Club members and other customers were stolen from the Corporate Sales & Sales Development section of the Tokyo Sales Office. After reporting this theft to the police, we also notified the Land, Infrastructure and Transportation Ministry as stipulated by the Private Information Protection Law. To prevent a recurrence we will enforce the following: (1) confirmation of locking office doors; (2) returning all files to locked cabinets at the end of the business day; (3) stricter management and security of personal data; and (4) enhanced ID card checks to prevent unauthorized entry.

In September 2005, ANA Logistic Services lost a floppy disk containing information of 6,984 ANA Super Flyers cardholders, which was also reported to the Land, Infrastructure and Transportation Ministry as per the Private Information Protection Law. Following these incidents, the handling of personal data is being made more secure.

• Information Leak Generated by Winny

In November 2005, the home computer of a flight crew was infected with a virus and information including pass numbers of facilities in the airports were exposed through Winny, a file exchange program. In response we impressed on staff the following: (1) to not save business-related information and company information in personal computers at home; (2) to ensure that all computers have the latest anti-virus software; and (3) to avoid use of Winny as much as possible.

Interview

Safety is the foundation of our business. We interviewed six ANA Group employees working at the front line about what safety means to them and what efforts they are making to ensure it.

Participants

Takabumi Kono

Flight Crew Center,
Flight Operations, ANA

Yuji Hanasaki

Line Maintenance Center,
Engineering & Maintenance, ANA

Akihiko Takayama

Operation Control Center,
Operations & Airport Services, ANA

Kyoko Yamane

Passenger Services,
Tokyo Airport Office, ANA

Yuki Yajima

Inflight Service,
Inflight Services, Air Nippon

Shuji Katagiri

General Administration,
New Kansai International Airport Service

Safety in the Workplace

Airline safety was in the news quite often in FY2005. How did you feel about this?

Yajima: Whenever airline safety was in the headlines, I felt we were under customer scrutiny inside the plane. Customer awareness of safety has been raised, and because of this, I feel we have to do more than before for our passengers to feel safe and for us to win their trust.

Kono: I was surprised at how much media reports influenced customers. I felt even more acutely that the airline industry is getting much attention from the public, and acknowledged anew that safety is the foundation of our business.

Yamane: I think customer awareness toward safety has risen considerably. In ANA's long history, there was a time when we had only a single passenger on a flight after an accident. I myself saw drastically fewer customers after the 9/11

terrorist attacks; I strongly felt that what customers truly wanted was safety.

When are you most aware of safety?

Katagiri: My job is to "pushback" aircraft from the gate after the passengers have boarded and the doors have closed. When I have completed my job and see the plane take off safely, I feel relieved and that I have done my part.

Takayama: My job is directly connected to flight operations such as making the flight plan, so I am constantly aware of safety. When the weather is bad at a destination, we have to decide whether we will operate the flight. Our standards are different from those of other airlines, so even when their flights get the go-ahead, ANA flights may be cancelled. I am determined that we shouldn't operate a flight if the conditions don't meet our company's criteria, even if other companies do. We don't need to com-



At the ANA Operation Control Center

pete there. Judgment based on safety is very important.

Hanasaki: I am a mechanic at Haneda (Tokyo) Airport. I strive to focus and take the utmost care, especially when I'm in a hurry. When a plane starts taxiing toward a runway after push-back, we see it off with a wave, and I sometimes see children wave back. Whenever I see this, it reinforces my belief that safety is job one.

Yamane: I handle check-in and boarding announcements at Haneda Airport. On the safety side, I give attention to seat assignment for passengers with

physical disabilities. I sometimes escort passengers to the boarding gate when it's close to departure, and I'm careful so that customers don't run into others, or fall on the stairs. In escorting customers I ask their health, because some have ailments indiscernible to the eye. For customers on wheelchairs, in leading them down the boarding bridge, I make sure the seatbelts are fastened and the wheelchairs guided backwards. At check-in, I confirm that baggage contains no flammables such as lighters.

Kono: I become aware of the importance of safety when I see my child's

face before leaving for work. I think my awareness toward safety became stronger after I became captain. Seeing passengers boarding the plane from the cockpit, I see many dramas—passengers waving to people who came to see them off. While glimpsing these scenes from our passengers' lives, I feel safety must be maintained at all costs.

Yajima: I become strongly aware of safety as soon as I change into my uniform. On the plane, passengers observe cabin attendants' movements a lot. When cabin attendants announce, "We may experience sudden turbulence so please fasten your seatbelts,"

Interview

passengers sometimes tell me, “Your high level of safety awareness puts me at ease.” I try to work with the assumption that each of our actions and explanations leads to our passengers’ security. When turbulence is anticipated, I serve cold drinks so that passengers won’t burn themselves, or ask passengers to go to a washroom before it starts. There are many occasions when I act in anticipation of possible risks.

What are you doing specifically to maintain safety?

Kono: In the cockpit, flight crew use checklists for operational procedures, which is checked by both captain and copilot. In carrying out these redundant checks in the cockpit, a communicative atmosphere is necessary to further raise the level of safety. In this regard, I think ANA has such an atmosphere. And to learn from your seniors, to learn from their experience is important, and I want to pass along my experience to my juniors, too. For this reason, I always feel that communication is really important.

Yamane: Human relationships where you can freely speak out when you think something is wrong are very important. We hold a meeting to share information ten minutes before the day ends, and there we are endeavoring to create a climate where we can actively communicate. Also, I think it natural for people to make mistakes, so a system to prevent mistakes is very important. The busier you become, the greater the risk of missing something. So at Passenger



Takabumi Kono



Yuki Yajima



Akihiko Takayama

Services, taking a hint from the flight crew, we have applied the idea of using a checklist at the boarding gate to prevent any errors.

Yajima: At Inflight Services, we examine the reports of cabin attendants for any indications of safety issues. On every flight, there is a double-check system so that your confirmation is reconfirmed by your counterpart. I also explain the meaning of each task to the juniors and that it should not become assembly-line work. In addition, each group of cabin attendants has one security leader who presents *hiyari-hatto* incidents (those prevented just in time) to the group. We discuss and handle these as if they were our own. So we are creating an environment where we can be straight and benefit from others’ experience should similar incidents happen to us.

Hanasaki: Maintenance work is often done alone. I confirm my work by pointing and saying “I looked here,” “I confirmed there” and so forth. It’s effective because I can recall what work I did later. After the work I do the final confirmations using a checklist.

What is your impression of the ANA Group’s efforts toward safety?

Katagiri: At the Ground Services Support section of ANA’s Operations & Airport Services, any trouble during ground handling at an airport is promptly conveyed across the country. As this information travels quickly it is effective in preventing recurrences.

Yamane: When hearing what has been implemented at other sections regarding safety, I find many pointers there. I learned about the checklist idea talking with the flight crew. Using it improved our daily routine. If we had venues to talk among different sections, we could better understand each other’s work, improving safety. There are periodic activities geared towards safety education, but as the people who experienced accidents are retiring, I feel it necessary to create an opportunity for lessons learned from the accidents to be conveyed.

Kono: In flight crew duties, various efforts have been made to raise the level of safety, more than before. In flight



Yuji Hanasaki



Kyoko Yamane



Shuji Katagiri

operations, 70% to 80% of problems are said to be caused by human error, so we started studying this about 20 years ago. ANA developed its own CRM (Cockpit Resource Management), a method to enhance the quality of communication, coordination and leadership in the cockpit, which has evolved into quite a high-performance method. Furthermore, FOQA (Flight Operational Quality Assurance) was introduced to review flight conditions on the computer. It enables us to analyze actual events and is very useful to investigate causes and prevent recurrences. In addition, the LOSA (Line Operations Safety Audit) for third-party analysis has been introduced.

Takayama: As we seldom have a chance to meet people in different lines of work, this is a very good opportunity. We have OR (Operations Report) meetings in which we are directly involved. I find it very reassuring that top management is directing their attention to the front line.

Hanasaki: We are now able to gain information regarding safety quickly. I think it would be even better if we had

more time and opportunities to think fully about and discuss what should further be done based on the information.

Yajima: At In-flight Services of the entire ANA Group, the quality-control system is functioning and we hold active discussions; information is shared well within the section. But there is room for improvement when it comes to sharing with those in other sections. We should have more occasions where people in various jobs gather and talk about safety.

Kono: When problems occur, we should focus more on underlying problems in the work structure. I think we need to tackle this point systematically with the aim of preventing recurrence. In the end it's all about communication. More communication across sections, in particular, is needed.

What are your future aspirations regarding safety efforts?

Katagiri: When I was in the safety quality division, we launched a system for ground handling. It has three pillars:

preliminary prevention, recurrence prevention and internal assessment. I would like to create a system where *hiyari-hatto* incidents can be smoothly reported and make this system part of our safety brand.

Takayama: Communication is very important for safety. I would like to continue to value good communication.

Hanasaki: As I work around the aircraft as a mechanic, I would like to transmit what I have learned there about safety not only to my coworkers but throughout the ANA Group.

Yajima: When it comes to safety, it never ends or is "good enough." So, always be alert for any sign of trouble or potential errors in my work, share information and prevent problems before they happen. I would like to perform such activities consistently.

Yamane: I think it important for each one of us to pursue safety keeping in mind the importance of constant awareness. I will endeavor so that we all have a higher awareness of safety.

Kono: Humbly accepting that human beings make mistakes and machines break, I would like to maintain safety based on the principle of ANA's airmanship. In other words, safety is the foundation of our business and is our promise to the public.

Perspective on Safety

To ensure maximum safety, the greatest challenge facing airlines today, ANA has stipulated the ANA Group Safety Principles and established various organizations and approaches.

ANA Group Safety Principles

To ensure the reputation for security and reliability outlined in our Corporate Philosophy, the entire ANA Group must have a common recognition of safety, the basis of air transportation. To this end we formulated the ANA Group Safety Principles, stipulating that safety is our promise to the public

and clearly asserting the ANA Group's obligations with regards to air transportation.

In line with the Group's safety culture, the philosophy defines the three basic entities responsible for maintaining and improving safety: companies, organizations and individuals.

ANA Group Safety Principles

Safety is our promise to the public
and the foundation of our business.

Safety is assured by an integrated management
system and mutual respect.

Safety is enhanced through individual performance
and dedication.

Safety Promotion Committee

To improve and maintain safety, each airline in the ANA Group has set up a Safety Promotion Committee overseen or chaired by the corporate president. The Safety Promotion Committee constitutes the supreme organ of deliberation and decision-making on safety. Each committee works to maintain and improve safety by examining major safety issues, determining policy, confirming that safety measures are being

implemented throughout the company, engaging in related monitoring, and offering proposals and advice.

Further, an ANA Group Safety Promotion Committee brings together the top safety officers (i.e. presidents) from each airline. Members discuss problems of common concern, share safety information, and work to improve the level of safety throughout the ANA Group.

Approach to Safety

Operations Report (OR) Meetings

When it comes to safety, we consider it crucial for top management to exercise leadership directly at the airport. To this end, OR meetings are held to share information and review operational reports on taking prompt measures and improvements, attended by the president, vice-presidents and the directors of relevant divisions. The top management members themselves go to the airport to hear firsthand reports on the operational status and study the

issues. The meetings are held once a week at Haneda Airport in Tokyo.

Immediately after the OR meetings, the heads of all relevant divisions and those in charge at Group companies meet for detailed studies.

This strict setup allows company leaders to see the status of the flight operations firsthand, and enables the flexible and quick action needed to maintain the highest levels of flight safety and comfort.

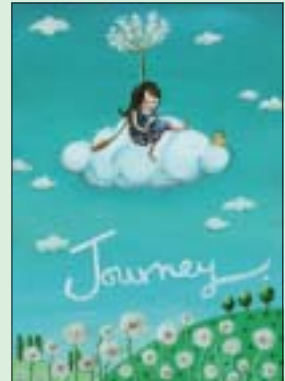
SAFER: Internal Safety Checks

In April 2001, we launched SAFER (Safety Evaluation and Review) as an internal scheme for checking our safety management system.

Its objective is to evaluate the mechanisms that support safe operations. We check to see that the proper infrastructure is in place and that tasks are performed in accordance with the designated procedures. SAFER has been adopted by all airlines in the ANA Group.

The auditing standards are based on aviation laws and ordinances and safety requirements around the world.

Auditors trained for ISO 9000 certification, the international standard for quality, check compliance against these standards. Their findings are linked to active improvement of issues for certain units as well as those common to a number of them. Audit reports are submitted directly to the president, who then leads a management review aimed at eliminating any latent difficulties in organizations, for customers' confidence in flying ANA. The scheme is one of the cornerstones of the management system for quality of safety at the ANA Group.



Journey
Yuki Sawada (UK)



THANK YOU, MR. FROG
Kurae Naphaphong (Thailand)



Coconut Boy
Ayaka Kuroda (Ibaraki, Japan)

Approach to Safety

In Compliance with IOSA Standards

The International Air Transport Association (IATA) Operational Safety Audit (IOSA) is a safety audit program with standards incorporating international laws and safety requirements.

In November 2004, we became the first airline in Japan to be registered under IOSA. We received the regular audit at the end of 2005, and re-registration was completed in April 2006. ANA is thus in compliance with international standards for airlines.

In the future, there is the distinct prospect of our expanding alliances and code-sharing services with other airlines. Under these circumstances, systems for airlines' mutual safety management are assuming increased importance. The resolution of problems by means of common international standards and mechanisms will be indispensable for passengers around the world to use air transport services at ease. We at ANA Group will continue to endeavor to improve quality of safety.



IOSA certification

ECHO—Marking the 35th Anniversary

Experience Can Help Others (ECHO) is a program for cockpit crew to share experiences that might have led to an incident. It was developed in 1971 and is now used by all airlines in the Group.

ECHO collects reports on cases of misjudgment or inadequate controls due to errors or misinterpretations and of experiences thought to be useful for excluding hazardous elements, to be shared by cockpit crews. It aims to prevent incidents or accidents.

To make it function fully and encourage the provision of information from all, ECHO assures the anonymity of its sources. The reports submitted are reviewed by an ECHO committee made of cockpit crew, which meets every month. Information from the reports is presented in the ECHO journal, distributed to all cockpit crew six to seven times a year.

ANA FOQA Program for Raising Quality

The ANA Flight Operational Quality Assurance (FOQA) Program enables the review of all flights at all times, based on the analysis and assessment of flight record data.

Through the Program, cockpit crew and associated divisions are given feed-

back on points identified as requiring improvement with respect to operational quality, in order to respond promptly. The Program helps to maintain and promote flight safety while improving operational quality.

Safety Manual

We have prepared a manual with regulations for all important safety items. The list includes policy on safety as an airline, targets, the responsibility and authority of the heads of organizational units, reporting systems, audits, accident investigation, operation of safety promotion committees and safety education.

Some countries require airlines to have a safety management system (SMS) for systematic management of flight safety. The IATA, too, fully supports the introduction of SMS. The auditing standard of its IOSA, the safety auditing program recognized around the world, contains many articles relating to SMS.

Our safety manual extensively reflects the substances of SMS.

LOSA (Line Operation Safety Audit)

Seventy to 80 percent of airplane accidents in recent years are said to have been caused by human error. Assuming that people will continue to make errors, airlines in various countries consider proactive (before-accident) measures, and not just reactive (after-incident) measures, significant in maintaining safety and are working on methods focusing on human error.

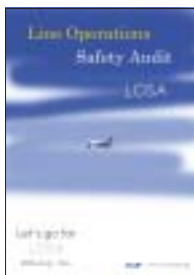
Against such a backdrop, ANA became the first airline in Japan to adopt the LOSA (Line Operation Safety Audit) method as a measure to prevent errors inside the cockpit.

LOSA was developed at

the University of Texas with a fund from the Federal Aviation Administration (FAA) in the 1990s. It identifies potential problems and errors in daily flight operation, collecting and analyzing data from the standpoint of risk and error management.

Auditors—which include ANA crew trained at LOSA's administering authority, The LOSA Collaborative (TLC) in

Texas, USA—collected human error data by monitoring the cockpit operations of some 250 flights from late August 2006.



Poster announcing LOSA



LOSA signing ceremony

Explosive Trace Detection (ETD)

New aviation security measures were implemented in Japan in April 2006, and cargo became subject to inspections at the airport. For this reason explosive trace detection systems were installed at airports that handle large volumes of cargo, where open-cover inspection is not feasible.

Different from conventional X-ray inspection, these systems can detect trace amounts of explosive particles on a container's surface through mass spectrography. They can also handle large cargo that cannot fit in the X-ray inspection equipment.



Analysis on the ETD equipment

Maintenance Division Wins Second Award

ANA was awarded the Asia-Pacific Airline MRO (Maintenance, Repair and Overhaul) Operation of the Year Award 2005 in November 2005 for the superb quality of our maintenance division. The award started in 2001 to select and recognize airlines in the Asia-Pacific region whose maintenance division is excellent. This was the second time that ANA has won the award (the first was in 2001), and we are the only airline to win the award twice.



The main reasons we won were (1) high earnings even under unstable business conditions including steeply rising fuel costs; (2) no major accidents for over 30 years; (3) low rate of maintenance-related delays; (4) commitment to safety included in the corporate philosophy and implemented through various approaches; (5) approaches related to human factors; (6) good balance between in-house and outsourced maintenance; and (7) efforts to enhance reliability, performance and efficiency in collaboration with manufacturers including Boeing and General Electric.

Winning the award was a confirmation of what Team ANA has been working for. Team ANA considers this award an important milestone and will continue to aim for higher performance.

Approach to Safety

Bombardier DHC8-Q400 Measures

The ANA Group began using the Bombardier DHC8-Q400 turboprop from Canada in November 2003, and we are trying to expand our network with this type of aircraft to satisfy regulations governing arrivals and departures of jet aircraft at Itami (Osaka) Airport, and to enhance customer convenience. As of August 2006, Group companies Air Nippon Network and Air Central operate 11 planes of this type mainly on domestic flights serving Itami and Chubu (Nagoya) airports.

The plane is capable of speeds comparable to a jet and its low noise and vibration allow good comfort. It also is fuel efficient and environment friendly. However, it has been prone to mechanical problems that have resulted in flight irregularities and cancellations, causing inconvenience to our customers.

Measures

We are making great efforts to thoroughly investigate the causes of these problems so that the same incidents will not reoccur. While this has resulted in greater reliability, we are redoubling our efforts to recover customers' trust as soon as possible.

1. Strengthened System at ANA Group

In addition to reinforcing mechanics, staff and spare parts, we established the Regional Fleet Engineering section in April 2005 to improve equipment quality across the entire Group. Further, while collaboration has been strengthened with Japan Air Commuter and foreign airlines flying the same type of aircraft, efforts are also underway to enhance equipment quality among divisions at ANA and Group companies, and through collaboration with the manufacturer.

2. WTT with the Manufacturer Formed

The Working Together Team (WTT) was formed among ANA, Air Nippon Network and Bombardier in May 2005 to improve quality of the aircraft. The WTT is made up of general managers at the ANA Group's maintenance division and Bombardier's customer support, engineering and parts divisions. The group, one part of which is charged with improving equipment quality, and another, with improving parts distribution, together analyze problems by conducting checks of the plane and by attending technical inspections at the equipment maker and repair company.

3. Dispatch of Staff at Bombardier

We posted Air Nippon Network staff at Bombardier in September 2005 and established a system to enhance cooperation and ensure prompt response at the time of, and following, airframe manufacture. For the 12th plane introduced in September 2006, we increased the number of acceptance examiners as well as the number of acceptance items for stricter monitoring of Bombardier's quality control.

4. Extra Maintenance and Checks

As ANA Group's own measure, extra maintenance and checks were carried out based on operational reports of the ANA Group and other airlines.

• Phase 1 (February 24–May 4, 2006)

We compiled a checklist of 26 points for gears and systems having higher impact on reliability, which was implemented for all planes, taking 3 to 4 days per plane.

• Phase 2 (May 17–July 31, 2006)

Another 26 points including seal exchange (packing of entrance doors) and wiring in electrical circuitboards were checked for all planes, taking 4 days per plane.



Bombardier DHC8-Q400 aircraft

Incidents

The ANA Group experienced two serious operational incidents in FY2005. We offer our deepest apologies to passengers and all other affected parties. We will redouble our efforts to ensure utmost safety, our promise to the public.

This Report covers aviation accidents^{*1}, as well as serious incidents^{*2} defined in Japan's Civil Aviation Law.

^{*1} Aviation accidents refer to the crash, collision or fire of an airborne vehicle resulting in death or injury to those onboard or damage to the vehicle as defined in the Article 76 of Japan's Civil Aviation Law.

^{*2} Serious incidents refer to those recognized as potentially causing aviation accidents as defined in the Article 76-2 of Japan's Civil Aviation Law; 14 scenarios including runway infractions are stipulated in Article 166-4 of the Enforcement Regulations of Japan's Civil Aviation Law.

Serious Incident

Emergency descent due to malfunction of air-conditioning system

Description

On September 29, 2005, Flight 198 from Oita to Haneda (Tokyo) became unable to maintain cabin pressure due to the failure of both right- and left-side air-conditioning systems. As the plane made an emergency descent, flight crew deployed oxygen masks in the cabin.

The plane landed at Haneda Airport with no casualties.

Cause

Filters in the right and left air-conditioning systems were clogged, preventing airflow. In addition, there was some discrepancy in the settings of the sensors that prevent excessive rises in temperature.

Measures

- All filters on the same model of aircraft were replaced.
- Remodeling is under way to enable installation of larger filters.
- Sensors were replaced.
- System was installed to monitor and analyze the recorded flight data of air-conditioning systems, allowing for immediate notification in the case of technical malfunctions.

Aviation Accident

Cabin attendant injured due to turbulence during descent.

Description

On January 22, 2006, Flight 589 from Haneda to Matsuyama experienced turbulence while descending to land at Matsuyama Airport, causing two cabin attendants to hit the floor, one of whom sustained a broken bone.

Cause

Under investigation.

Interview

ANA emphasizes the IR* activities targeted at shareholders. Director Haruo Ezuka of Investor Relations at ANA asked Mr. Masahiko Komatsu, senior analyst at Schroders Investment Management, what investors think of ANA's corporate strategies and IR activities.

*Investor Relations = corporations' public-relation activities targeted at investors

Japanese corporate IR activities have improved remarkably.

Ezuka: Japanese corporations have started emphasizing IR activities recently. Mr. Komatsu, what is your impression?

Komatsu: I've been an analyst for ten years and think the IR activities at Japanese corporations have improved remarkably. In your company's case as well, I feel the quality of your IR activities are considerably better, and your materials more complete, than when I attended your financial results briefing for FY2002.

Ezuka: These few years, we have been focusing on IR activities. We consider it

important to disseminate information accurately to the market in this time of upheaval in the air transportation industry. What is your impression of our IR activities compared with those of other Japanese companies?

Komatsu: I have seen various sectors comparatively in a wide field, and I feel your attitude toward IR and disclosure are at this stage among the best. There has been an amazing improvement compared with when you reported for the period ending March 2000, though your detailed, courteous response when I visit your office for information hasn't changed. I can see you are promoting IR in a systematic way. You have disclosed numerical targets in the mid-term corporate plan, and these serve as a very good reference for analysis.

Learning to respond to fluctuating risks

Ezuka: The aviation industry is experiencing tough times due to the fuel hikes. What is your assessment of ANA in this environment?

Komatsu: It certainly is a tough situation because of the fuel hikes.



Mr. Masahiko Komatsu

Senior Analyst, Research Department,
Schroders Investment Management (Japan) Ltd.

ANA in the past might have suffered poor financial results in such an environment. But the fact that you now have a structure capable of responding to such risks, I think, shows to what extent you have changed.

Plan shows direction and where to focus

Ezuka: ANA aims to become the number one airline group in Asia. And we are promoting the 2006–09 Mid-Term Corporate Plan as the means to achieve that goal. Would you comment on the plan?

Komatsu: The 2006–09 Mid-Term Corporate Plan is an extension of your previous plans, and as such does not mark a drastic departure. You set the goal to become the No.1 airline in Asia with air transport operations as the core business, reviewed and honed your business portfolio, and clearly showed your direction.

I think you have already narrowed down, and are developing good strate-

The ideal corporation is one that can expand and create “balanced” value.



Haruo Ezuka

Director, Investor Relations

gies in, the area of international passenger flights. You have clearly hammered out strategies pertaining to the Star Alliance, expanding your network by collaborating with the member carriers, and to China routes, acknowledging the growth potential by selectively investing management resources there. This impresses the image of “ANA for China” on investors as well as on consumers. On the domestic side, “Super-Seat Premium” is successfully meeting the needs of the VIPs, I think. You have also listed fleet strategy, and FAM^{*1} and PROS^{*2} as strategies, but these can be easily imitated so I wonder if they can be called strategies.

**Clear vision, leadership
as driving force**

Ezuka: What in your opinion are the reasons for ANA’s financial recovery?

Komatsu: The main one would be the democratic leadership of then President Ohashi, who united and motivated employees against the very difficult

background of a rival’s merger, 9/11 and so forth. A goal to become the number one airline in Asia was set, which became a driving force. President Ohashi’s easy-to-understand, clear-cut vision was very effective, I think.

Ezuka: There was a considerable air of crisis then inside the company. When our stable revenue source of domestic operations was threatened, Ohashi focused on where we should compete. We could carry on business with marketing and corporate plans that complemented each other. Are there any other points you noticed?

Komatsu: I think there is still room for improvement when it comes to business performance. It is odd that your normal fare for general seats on domestic flights remains the same as your competitors. To make a difference may be difficult, but I would like to see you challenge the competition this way.

In the domestic services, brand awareness is very high; you need to make yours sustainable. Haneda’s Terminal 2 is where ANA’s uniqueness can be hammered out and a bigger impact made. I think that if you can increase your customer base by differentiating your brand and services, more people will use ANA and this will lead to even better results.

**Attractive companies have
a vision**

Ezuka: Excellent points. The reason our domestic fares have become the same as our competitors’ is because we still haven’t been able to differentiate our products (cabin equipment). If we can convey ANA’s character, and if that is acknowledged as our brand and

eventually as value, I think customers will not consider the price difference a factor.

By the way, what characteristics make companies attractive to investors?

Komatsu: Attractive companies have a vision. If the vision is clear, the scope of business is self evident. ANA has a vision to become the number one airline in Asia with air transport operations as its core. This not only defines the business scope but also has the effect of motivating employees, tells customers what ANA is about, and contributes to establishing the corporate identity. Of course, in addition to a vision, solid strategies and corporate governance are important.

Ezuka: What kind of company represents the ideal?

Komatsu: Companies that can create “expand-and-balance” value. If you increase sales without hurting profitability, the stakeholders will be happy. Cutting costs may lead to profits, but that alone doesn’t guarantee sustainable growth. For sustainable growth you need to keep creating “balanced” value by expanding.

Ezuka: We will do our best. Thank you very much.

^{*1} FAM=Fleet Assignment Model
System that assigns fleet according to demand

^{*2} PROS=Passenger Revenue Optimization System
System that optimizes passenger revenue for each flight

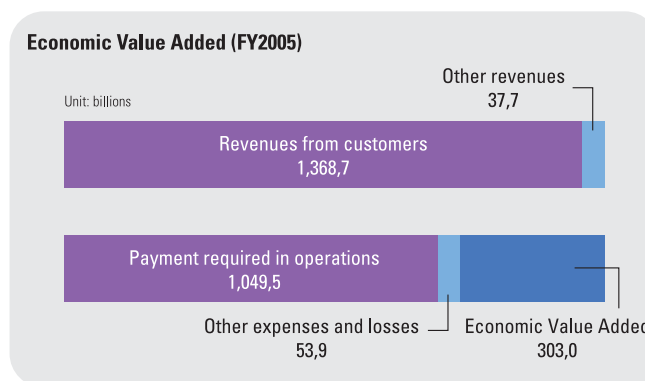
Financial Relations with Stakeholders

The ANA Group has the following financial relations with our stakeholders.

Distribution of Economic Value Added

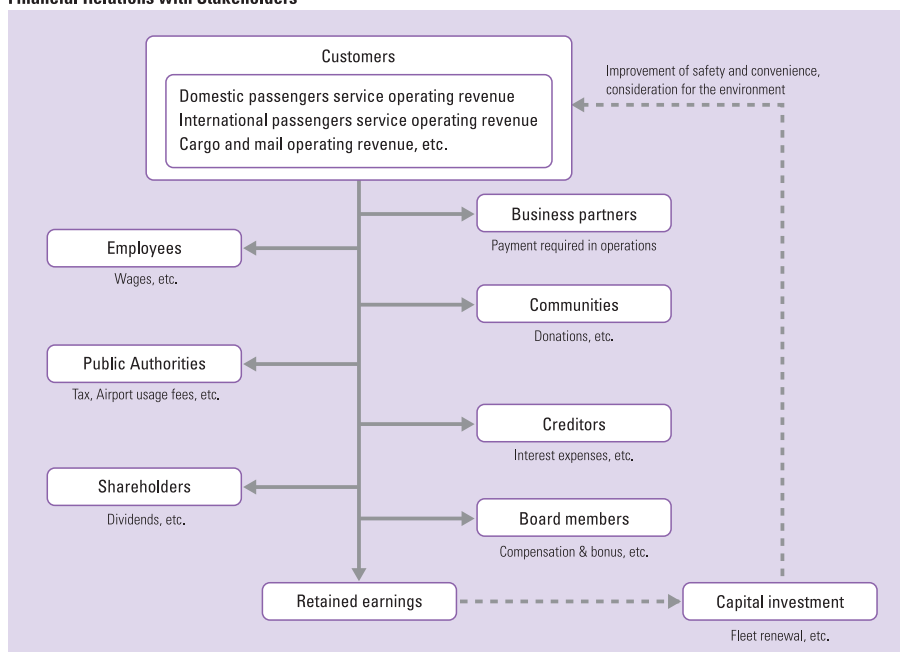
The ANA Group provides high-quality services in the air transportation, travel, hotel and other sectors. We pay expenses to our business partners from operating revenues, and distribute gen-

erated economic value added to various stakeholders including employees, shareholders, governments and communities.



1. Revenues from customers: operating revenue
 2. Other revenues: sum of non-operating revenue and extraordinary gains
 3. Payment required in operations: operating expenses and sales, general & administrative expenses – personnel cost and donation
 4. Other expenses and losses: sum of non-operating expenses and extraordinary losses
- EVA: (1 + 2) – (3 + 4)

Financial Relations with Stakeholders



IR Activities—Communicating with Stockholders and Investors

At ANA, we promote investor relations (IR) activities for close communication with our stockholders and investors.



Top page of the Investor Relations on our website
<http://www.ana.co.jp/eng/aboutana/corporate/ir>

Enhanced Disclosure of Information

We post our financial statements, corporate plans and other important management information on our website at the time of announcement. We renewed our investor relations page on our website in April 2006; the site has been improved for an easier use by stockholders with enhanced contents joining previously available financial and operational statistics.

In addition, we publish “ANA Vision” (news report) for our stockholders on a quarterly basis. Besides reports on our business, this publication provides a wide range of information on current topics.

Furthermore, we publish our annual report in Japanese and English every year to present a detailed picture of our finances and management plans.

Close Communication with Our Stockholders and Investors

We regard our ordinary general meeting of shareholders as a valuable opportunity for communication between our stockholders and executives. Therefore, we answer questions and obtain comments from as many stockholders as possible.

For analysts and institutional investors, we hold presentation meetings where ANA's president himself makes a presentation after releasing the financial statements and announcing our

management strategy. Also we upload the data used in these presentations to our website. In FY2005, we held presentations for the annual, midterm, and quarterly financial statements, announced our medium-term strategy in Japan and made IR presentations in Europe and the United States.

At Investor Relations, we solicit views about and requests for the ANA Group from stockholders and investors through the Internet and telephone calls, and relay them to the top management.

We strive to deepen support for the Group among our stockholders by providing special discounts on domestic flights and coupons with privileges from our subsidiaries.



“ANA Vision” and the “Annual Report”



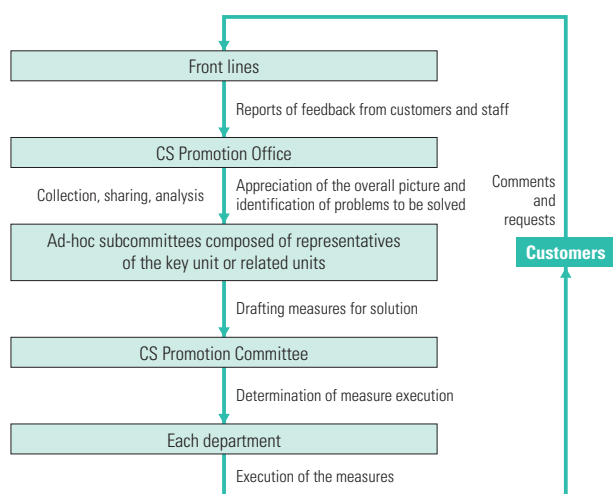
Presentation of the annual financial statement



Customer Feedback

A “customer-oriented” focus means we listen to customers in looking for ways to enhance our services.

Closed Loop



Closed Loop Scheme

Each day, the ANA Group operates some 900 flights carrying more than 120,000 passengers. We have extensive interaction with customers for the duration of their flight, from reservations and airport services to in-flight services. Therefore, we have many opportunities to hear from our customers. Comments from customers regarding our products and services are received by our Customer Desk via telephone, e-mail and post and compiled into reports. In FY2005, we produced 19,143 such reports.

These are stored in a database on our intranet, where they can be referenced to improve goods and services and solve problems. This “Closed Loop” scheme ensures that we stay customer-oriented.

Problems that are faced by multiple divisions, or those that cannot be solved through ordinary channels, are

examined in the CS Promotion Committee composed of executive officers from all divisions. In addition, we keep customers abreast of improvements resulting in their feedback through WINGSPAN (our in-flight magazine) and our website.

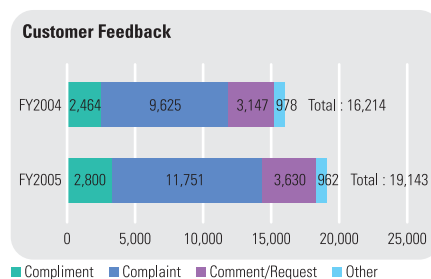
Being “customer oriented,” all employees and executives truly recognize that customer feedback is an important source of information. The “Closed Loop” helps not only to resolve service issues but also to inculcate in all staff a CS-oriented mentality.



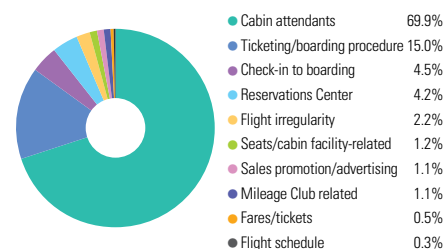
“Customer Feedback” page on our website
URL: <http://www.ana.co.jp/ana-info/blettine>
(Currently available in Japanese only)



Noriko Abe, CS Promotion (Customer Desk)



Breakdown of Compliments (FY2005)



CS Awards

Every other month, we choose from the letters, telephone calls and e-mails received from customers and share the best examples of “ANA Group best practices”—outstanding service or practices that lead to outstanding service.

Service Award Example

“I was impressed by the hospitality of a Shanghai-based cabin attendant.”

As soon as I took my seat, a Japanese cabin attendant asked me an unfamiliar question: ‘Do you need a disembarkation document for Japan?’ After I answered distractedly, the Japanese cabin attendant left with a slightly questioning smile. A Chinese cabin attendant named Ms. Jie, who was watching the scene from a distance, came by and repeated the question in Chinese and Japanese. She must have been concerned if the question should be asked in Chinese, I think. I didn’t need the disembarkation document, but I was impressed by her consideration.

I fly Chinese airlines often but have rarely encountered such consideration. She had had only a few months’ experience as a cabin crew, I was told. I can’t

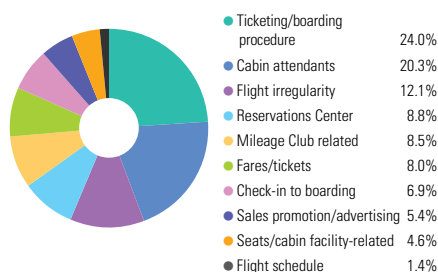


Award recipient, Ren Jie
Inflight Services,
Shanghai Airport

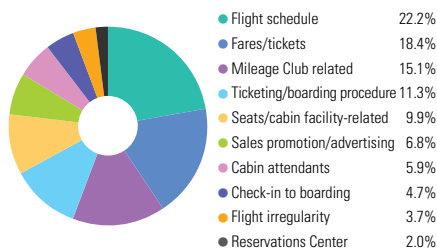
Recipient’s comment: I am grateful to my boss and all the senior crew based in Shanghai who have guided me. I think my efforts to think about customers first and to have them enjoy as much comfort as possible led to my winning the award. I will continue to work hard, placing importance on teamwork and communication.

but think that she has learned ANA’s education, and making the best of her Chinese capability she offered service beyond that of a Japanese cabin crew. Until now I have often used other airlines. It may be thanks to her that I’m now considering switching to ANA. (compliment via email)

Breakdown of Complaints (FY2005)



Breakdown of Comments/Requests (FY2005)



Pay Slip

Customers’ compliments and words of appreciation are printed on the cover of monthly pay slips. This practice, proposed by employees, was started in October 2004 to raise employee awareness of CS in an everyday way. It is just one effort to realize our brand vision of “creating dreams and experiences.”



Pay slip

Creating a Wonderful Experience with Customers —Anshin, Attaka, Akaruku-Genki!

The captain informed us over the intercom that we might not be able to land in Hiroshima as planned. Poor visibility was making it difficult for landing, and we already had made two attempts. There probably was an option of landing in Fukuoka instead, but the captain decided that, as the aircraft still had enough fuel for one or two more attempts, he would try again for Hiroshima. Through it all, the cabin crew displayed impressive decisiveness and skill. The determination and concentration of the captain, as he devoted himself to the safe flight of all of his passengers to the planned destination, was very assuring. We did land safely, without the least bit of turbulence. As I left the plane, I suddenly was overcome with gratitude and looked in the direction of the cockpit window. There I saw the captain, slumped in his chair as if exhausted, his head tilted backward. I saw a person with admirable commitment to his job, who had just now completed a job admirably well. Seeing him, I could almost feel the enormous pressure he must have been under. I fly to Sapporo next month. I am flying ANA again.
<From comments brought to the Customer Desk>

Compliments and words of appreciation from customers

CS Activities

The idea behind CS (Customer Satisfaction) activities at the ANA Group is to draw on customer feedback to provide ever-better services and achieve our brand vision of creating “experience and dreams.”

ANA Group Brand Vision—Personal Touch

The ANA Group brand vision is “Creating Personal and Human Experiences with Our Customers.” There is nothing like a simple “thank you” from a satisfied customer to make our day. In our view, with each employee who adopts this outlook, our CS levels—the key indicator of our brand’s power—rise higher.

CS activities are therefore focused on raising employee awareness and ensuring quality of our products and services based on customer feedback.



CS website on the intranet

The Character of ANA—Anshin, Attaka, Akaruku-Genki!

We believe that to prevail against fierce competition, we must establish a distinctive ANA character, i.e. strengths and attributes that cannot be imitated by other companies, and thereby become the airline of choice.

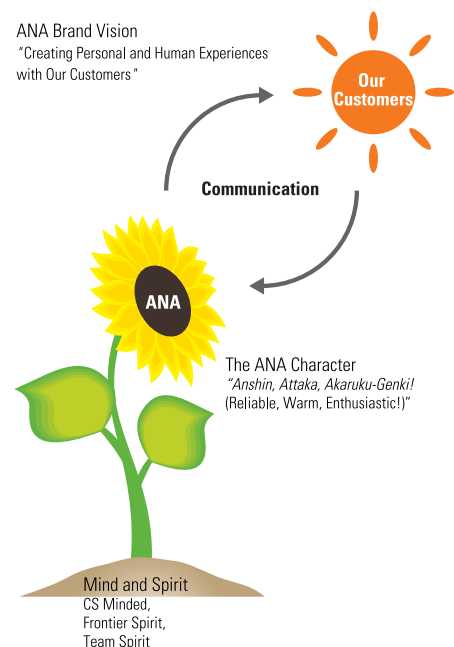
With this in mind, we launched the *Himawari* (Sunflower) Project in June 2004, and in December 2004 we made “Anshin, Attaka, Akaruku-Genki! (Reliable, Warm, Enthusiastic!)” our key phrase to define the ANA character, and “CS Minded, Frontier Spirit, Team Spirit” as that defining the ANA mentality and spirit shared by all ANA Group employees.

Depicting this concept as a sunflower (the ANA Group) that is constantly oriented toward the sun (our customers), the whole Group is conducting a concerted campaign to convey our “Anshin, Attaka, Akaruku-Genki!” character to all customers.

ANA Brand Concept

ANA Brand Vision

“Creating Personal and Human Experiences with Our Customers”



Good Job Card

For employees on the frontline we have instated a scheme of “good job” cards. Employees hand these cards to each other on the occasion of a job well done. The scheme increases pride in work through recognition by peers, and also helps to breed a culture of interest about the work of others. By relaying words of praise from customers via messages on the cards, we are passing on the customer’s joy to employees.



Good Job cards

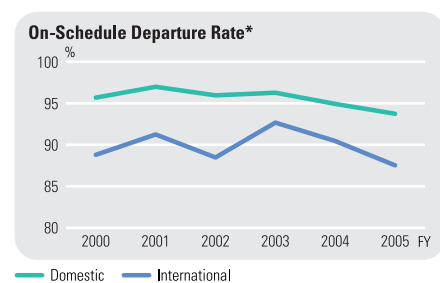
Approach to Punctuality

Punctuality is vital to air transportation, and customer satisfaction has a lot to do with departures and arrivals being on time.

As part of efforts to improve punctuality, we launched a Groupwide project at airports in which employees can submit ideas; these are then checked for safety implications and if cleared, serve as the basis for new punctuality measures.

Specifically, in FY2005, we attained an on-schedule departure rate of 93.9% for domestic service and 87.4% for

international service. This information is disclosed with our operational flight data on our website.



*the share of total flights departing no more than 15 minutes behind schedule
URL: http://www.ana.co.jp/eng/aboutana/fit_data/e/index_sm.html
Flight Data

Quality Control of Cabin Service

The system for assessment, analysis and quality control on flights consists of two components: that by cabin attendants and that by quality evaluation sections.

About 250 cabin attendants have been appointed as quality improvement inspectors and promoters. They regu-

larly report on in-flight quality after crosschecking with ANA indicators and assessment standards. Our quality evaluation section checks the actual cabin service quality according to rating standards while taking into account the passenger’s perspective.

Award-Winning Food Hygiene

In October 2005, ANA Catering Service (ANAC) received the Health, Labor and Welfare Minister Commendation for the excellence of its food hygiene facility. Recent technological developments in food manufacturing, processing and preservation as well as the expansion and deregulation of distribution systems have all had an impact on food hygiene. ANAC’s achievements in voluntarily establishing a flexible food hygiene management system

taking advantage of improved hygiene technology were thus recognized.



Commendation Certificate

Consideration for All Our Customers

Drawing on feedback from customers, employees and others, the ANA Group has been improving its facilities and services to ensure that all passengers enjoy comfortable and pleasant flights.



Misa Kimura, CS Promotion (Sky Assist Desk)

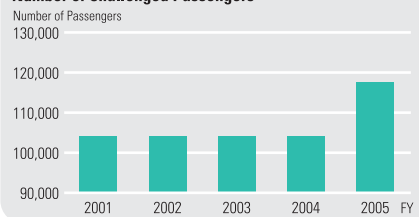
Sky Assist—Relaxing and Pleasant Flights for All

In 1997, we established the ANA Sky Assist Desk to ensure a relaxing and pleasant flight for challenged customers. The Desk handles any questions and requests from reservation to disembarkation. The number of challenged passengers in FY2005 was 118,048, up 13% from the previous fiscal year.

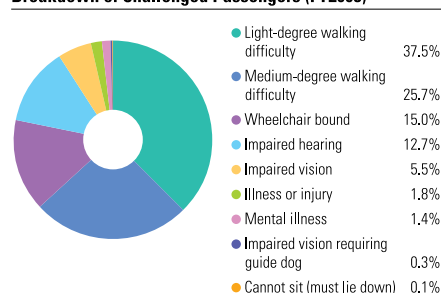


URL http://www.ana.co.jp/share/assist_eng/index.html
ANA Sky Assist

Number of Challenged Passengers



Breakdown of Challenged Passengers (FY2005)



Barrier-free Airports and Aircraft

We listen to our stakeholders both within and outside the company to improve barrier-free access and create new services. We began by making special writing pads available to customers with hearing disabilities at eight airports in Japan in 1998, a service which is now available at airports

nationwide and on most domestic aircraft. From 1999, prior to enactment of the Transportation Barrier-Free Law, we provided wheelchairs on all domestic aircraft. After this law came into effect, we took additional steps such as equipping aircraft with movable armrests and installing restrooms for passengers in wheelchairs. We have also introduced “assist seats” to help physically challenged customers take their seats and included subtitles on some in-flight video programs. As these measures indicate, we listen closely to customers and actively implement improvements. We also publicize these features, such as through a special page on our website for the physically challenged.



Writing pad
(available at ANA flights
and airport counters in Japan)



Airport wheelchairs
(accessible in the aircraft by removing the main wheels and lowering the armrests)



Aircraft restroom accessible
by wheelchairs
(available on most aircraft)

Braille, Audiobook Services

For visually challenged passengers to enjoy our Japanese in-flight magazine *Tsubasa no Okoku*, selected articles are rendered into Braille. Audio recordings are also available on board; these include essays from the magazine, the *Yubin Hiko* section with letters from passengers, and information about



Recording an audiobook



Tsubasa no Okoku (Japanese in-flight magazine) in Braille

Sign Language Skills

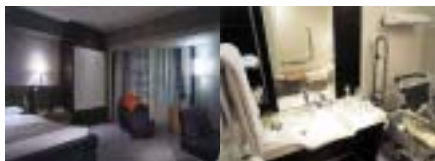
Sign language activities were begun by cabin attendants on their own initiative and have grown into a project to upgrade capabilities, with sign language leaders preparing educational materials and teaching seminars. At present approximately 400 cabin attendants, have been certified as having sign language skills of Grade 4 or higher.



The sign language badge
(worn by cabin attendants officially certified with
sign language skills of Grade 4 or higher)

Barrier-free Hotels

ANA Hotel Tokyo has new barrier-free rooms with greatly improved furnishings. For guests with hearing disabilities, we installed “door knock transmitters” that react even to soft knocks and chimes, a TV “doorphone” with wireless monitor enabling guests to see people at the door, and an



Barrier-free rooms and washrooms
URL <http://www.anahoteltokyo.jp/e/index.html>
ANA Hotel Tokyo

“alert master” that informs occupants of knocks, chimes, telephone calls, faxes and clock alarms through a combination of blinking lights, flashes and vibrations.

Additional touches are electric-powered beds that can be horizontally raised to facilitate nursing care, washrooms large enough for wheelchairs to easily turn around in, and toilet paper holders from which the paper can easily be torn from the roll with one hand. In these and other ways, the rooms are specially designed from the guest's perspective.

ANA Rakunori (Easy Travel)

This service aims to deliver comfortable flights to all customers; various categories serve passengers requiring special assistance. “Senior Rakunori” provides all manner of assistance for the elderly, so they can enjoy a worry-free flight. “Family Rakunori” supports expectant mothers and customers traveling with infants or small children. “Kids Rakunori” helps children traveling alone, from departure to arrival. And “Pet Rakunori” lets passengers enjoy trips with their pets. ANA staff wearing this badge are always ready at airport *Rakunori* Counters to ensure that passengers enjoy their flight.



URL http://www.ana.co.jp/eng/int_svc/rakunori/index.html
ANA *Rakunori* (Easy Travel) Services

AEDs on All Aircraft

An automated external defibrillator (AED) is a device that treat attacks of ventricular fibrillation caused by cardiac infarction. We have installed AEDs on all aircraft and trained cabin attendants so that we are fully prepared for such emergencies.



AED (Automated external defibrillator)

Contributing to Communities and Society

The ANA Group prides itself on being a good corporate citizen and maintains a close relationship with communities through its various activities.



Red-feather fund-raising drive's kick-off ceremony



Presenting pressed "Lily of the Valley" bookmarks



Pressed "Lily of the Valley" bookmarks

Volunteer Activities

Red Feather Community Chest

Since 1962, ANA has been supporting the Red Feather Community Chest fund-raising drive as part of our social contribution activities in accordance with the Course of Action specified in our Corporate Philosophy.

In FY2005, we again set up donation boxes at our airport check-in counters and city ticketing offices in Japan. We also painted the red feather symbol on 20 aircraft, which made approximately 13,000 flights, publicizing the drive across Japan.

"Change for Good"

We solicit donations on board flights from the United States (excluding Honolulu) under the UNICEF "Change for Good" program. The idea is for passengers to donate leftover change from their overseas trip. Every month, we receive donations from nearly 1,200 passengers.

Lily of the Valley

In June 2005, ANA Group cabin attendants and airport staff nationwide visited 52 hospitals, presenting approximately 18,000 patients with bookmarks containing pressed "lily of the valley" flowers from Hokkaido.

The act of presenting these flowers started in 1956. Volunteers from the ANA Group carefully make each pressed-flower bookmark by hand.

Volunteer Group "ANA Suzuran Club" Born from the Voice of Employees

We launched the "ANA Suzuran Club,"

a volunteer group. The club, named after the floral language of *suzuran*, the Lily of the Valley, which signifies "return of happiness," has 308 members who as conscientious corporate citizens carry out volunteer and social contribution activities.

Asada's Memorial Flight

On April 21, 2006, over 100 volunteers from the ANA Group revived Captain Asada's wish* 43 years ago with a 50-minute flight from Sendai to Yamagata for students of the Nishigata Hospital School (School for the physically challenged). In addition we staged a simulated flight at the school for the students who could not come to the airport. The event was not without difficulties but was a great success thanks to the enthusiasm of everyone involved.

* Details on page 29 of the CSR Report 2005



Students and staff of Nishitaga Hospital School

With the Community

Aircraft Maintenance Center Tour

The ANA Aircraft Maintenance Center offers free public tours. Each year sees almost 40,000 visitors including students on school trips, families and the physically challenged. To date, more than 300,000 people have joined the tour.

URL <http://www.ana.co.jp/cp/kengaku>
Aircraft Maintenance Center Tour Information Page
(*Currently available in Japanese only)

Flight Experience for Elementary Schoolers

As part of our activities to support victims of the Niigata Earthquake of October 2004, we provided hot water, including for makeshift baths at Tamugiyama Elementary School, one of the shelters. To encourage the children of the school, in November 2005, when many people were still forced to live in temporary housing, we invited all 43 pupils to a “flight experience” between Niigata and Sapporo.



Participants in the flight experience (at Chitose Airport)

Charity Kabuki

In November 2005, we held the ANA Charity Kabuki at Niigata Prefectural Hall to support reconstruction of the area. Some 307 people still living in temporary housing were invited. As a result we raised ¥1.57 million to resume the *Ushi no Tsunotsuki* bullfighting event, an important intangible cultural asset, and presented the donation to the Yamakoshi Tourism Development Association and Ojiya Bullfighting Promotion Council.

Asparagus for the Elderly

In June 2005, for the 30th time, ANA participated in an event to bring asparagus, a specialty of Kita-Hiroshima City in Hokkaido, to a home for elderly A-bomb victims in Hiroshima Prefecture. ANA again cooperated in logistics, hoping the patients would enjoy this special taste from the north.



Presenting asparagus

Transport of Relief Goods Following Katrina

From September to November 2005, we helped to transport relief goods to Katrina-afflicted areas without compensation. In addition, we donated ¥10 million to the Japanese Red Cross Society and US\$100,000 to the U.S. Red Cross Society.

Transport of Relief Goods Following Earthquake in Pakistan

In October 2005, we helped to transport relief goods—tents, blankets, clothes, medications, nonperishable foods and drinking water—to the afflicted areas.

Medal of Honor for Sumatra Support

Our active support—including monetary donations from ANA Group companies, executives and employees, and the gift of water-tanker trucks—was recognized by former Prime Minister Junichiro Koizumu, who awarded us with a Medal of Honor (Medal with Blue Ribbon).

Supporting the Next Generation

The ANA Group offers various forms of personal assistance to students including those aspiring to work in the airline and tourism fields.

Aviation Classes Around the Globe

We hold aviation classes in Japan and abroad. Since FY2004, as part of customer service activities, we have been holding classes for young students wishing to learn about air safety in ANA's operations.

ANA Sky Web, our website, has a page for elementary and junior high schools to submit requests for aviation classes in their areas.

URL <http://www.ana.co.jp/anafan/school>
(Currently available in Japanese only)
E-mail: pilotkokukyoshitu@ana.co.jp



Aviation class



Lecture at college

Airline Business Lectures in Universities

ANA sends personnel to several universities to lecture on the airline business, tourism and the industry in general. In April 2006, with the full cooperation of the ANA Group, Tokai University initiated Japan's first pilot-training

program in a college. Besides lectures on technical aspects, the curriculum includes classes on the overall state of the airline industry. Through this program, ANA will expand the interaction between industry and academia.



Happy "Good-lucking" team members with certificate of commendation

Internship for Senior High School Students

The national meet of the Quest Education Program sponsored by Educa & Quest Inc. was held at Tokyo's Gakujutsu Sogo Center in February 2006. From among 204 teams that chose

ANA as the theme, the "Good-lucking" team of Saitama Prefectural Niiza Sogo Gijutsu High School won the ANA Award for their presentation.



Students invited from Asian countries

The Okazaki Kaheita International Scholarship Foundation

To honor the wishes of Kaheita Okazaki, ANA's second president, the Foundation was established in March 1990 to support personal development in Asian countries. The foundation awards scholarships to university graduates in various countries, invites

them to Japan and offers support for graduate studies. In FY2005 two students from China, one from Myanmar (Burma) and one from Indonesia were invited to Japan. The Foundation has helped a total of 72 students in furthering their education.

Relationship with Business Partners

The ANA Group is in full compliance with Japan's Antitrust Law and related legislation governing fair trade practices based on "Relationships with Our Business Partners & Competitors" stipulated in the ANA Group Code of Conduct.

ANA Group Purchasing/Transaction Guidelines

Many of our goods and services depend on items, materials and services supplied by business partners across a wide range of fields, including but not limited to aircraft, jet fuel and cabin/office supplies. We intend to fulfill our CSR by cooperating with our business partners based on guidelines set forth under ANA Group Purchasing / Transaction Guidelines.

ANA Group Code of Conduct (excerpts)

1. Relationships with Our Business Partners

ANA Group purchase transactions are open worldwide, and are designed to be as fair as possible and easily understandable.

When purchasing services and products or choosing business partners, we apply business criteria such as quality, price and suitability. ANA Group strives to maintain transparent relationships with our business partners.

We reject any acts that would violate applicable laws.

2. Business Gifts and Entertainment

When business courtesies are offered to, or accepted from a business partner, we neither accept nor offer any gifts or entertainments having more than a nominal value, or that otherwise would be unreasonable or inappropriate in a business relationship. We never accept nor offer money in breach of the law or our corporate policy.

3. Compliance with Antitrust Laws and Other Laws

In relationships with our clients and competitors, we will not engage in false or misleading advertising, and we comply with antitrust laws in order to ensure fair and open transactions. We strive to satisfy our customers with outstanding services and products in a fair manner.

ANA Group Purchasing/Transaction Guidelines

1. In terms of purchase transactions, we shall fairly select and purchase the best goods and services, based solely on economic considerations.
2. Our purchase transactions shall be open to suppliers globally, fair and transparent and conducted in accordance with procedures that are simple and easy to understand.
3. For all purchase transactions, we shall observe the Group Code of Conduct, follow corporate ethics, fully comply with relevant laws and regulations, show consideration for resource conservation, environmental preservation and human rights, and ensure that our business partners understand these guidelines.

Fostering a Spirit of Challenge

Employees are a company's most important asset. To create a strong ANA Group, we foster human resources under our Group HR Philosophy of "Taking Up the Challenge."

Seven Keywords Targeting the Goal



ANA Group Human Resources (HR) Philosophy

The ANA Group HR Philosophy, established in 2002, focuses on teamwork as a competitive strength by effectively utilizing human resources. It defines the type of people and values necessary for a strong Group, with "customer-oriented" being the primary prerequisite. Furthermore, in view of changing employment conditions in Japan, we have developed plans to increase employee value. These plans, represented by keywords such

as "internationalization," "women" and "seniors," are described in the ANA Group Mid-term Corporate Plan 2006–2009.

Group HR Philosophy

"Take up the Challenge"

- The challenge for personal "GROWTH"; the challenge to create customers' "EXCITEMENT" and "EXPERIENCE."
- Always challenge. Limitless challenge creates a strong ANA Group.

Employment Policies

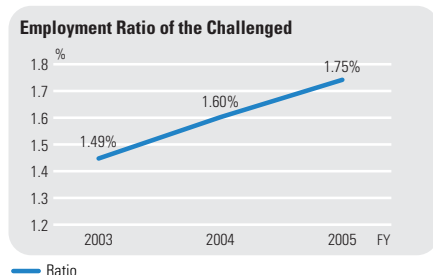
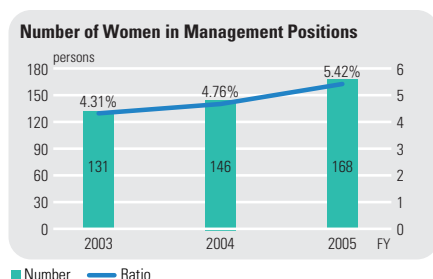
Expansion of Work Sites for Female Employees

Approximately 5,800 women—some 45% of our workforce—work mainly as cabin attendants and airport passenger service staff. We are also actively recruiting women for *sogo-shoku* (career positions) such as in sales/administration, engineering & maintenance, and for the cockpit. In FY2005, women occupied 27.8% of new *sogoshoku* appointments, and we were the first airline in Japan to appoint a woman to the board of directors. We are expanding the number of management positions thus occupied.

improve the workplace environment to enable new parents to pursue their career without hindrance.

Expanding employment of the physically challenged

ANA is active in employing motivated but physically challenged individuals, and many are now working in the Group. The aviation industry's first special subsidiary for employment of the disabled, ANA Wing Fellows Co., Ltd. was established in 1993 to expand the workplace for the physically challenged, and in FY2005, the physically



Towards a comfortable work environment for female employees

We support employees with provisions for childcare leave and shorter working hours. In FY2005 184 employees took childcare leave, while 19 took nursing care leave. Based on our next-generation fostering plan, we will further



Internship for the physically challenged

"I strive for flight safety and aim to become a captain."

—Ikuko Kobayashi, Flight Crew Center, Air Central



More than ten years have passed since I decided to become a pilot at any cost. After acquiring the license at my own expense, I have been copilot-ing Fokker 50 aircraft since May 2005. I'm striving for safety every day on four flights mainly from Nagoya (Chubu), delighted that I can hold the yoke. There are many things I still have to do before realizing my dreams, such as transition training for Bombardier DHC8-Q400 and being

promoted to captain. Though it entails much more responsibility, I look forward to flying enjoyable flights for my passengers as a captain soon.

"My goal is to become an engineer specializing in improving engines."

—Yuho Deguchi, Power Plant Maintenance Center, Engineering & Maintenance, ANA



Engines removed from aircraft are disassembled at the Power Plant Maintenance Center. I am in charge of inspection that carefully checks for flaws. I had some concern about my physical capacity, but the environment has been improved such that tasks can be handled by women. In addition to the daily maintenance, I am attracted to the work of analyzing with an engineer's eye the engine parts that have been

used in diverse environments, and having my findings reflected in future maintenance work. I intend to work hard with the aim of becoming an engineer specializing in improving engines.

challenged accounted for 1.75% of our workforce. With these measures we are one step closer to the 1.8% mandated by law.

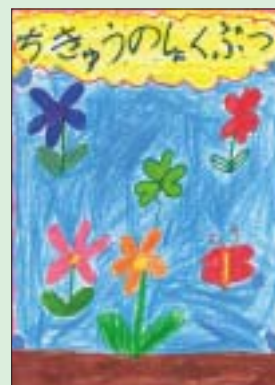
Through close cooperation with local "Hello Work" employment support centers and those for the physically challenged, and through internships and training for such jobs as packaging in-flight meals and preparing cabin service goods, we are facilitating employment for the physically challenged and aim to achieve the figure mandated by law at an early date.

Utilization of Seniors

To deal with higher age requirements for public pension eligibility, as well as with the smaller workforce resulting from the falling birthrate, and to improve and maintain the ANA Group's quality by exploiting the skills and know-how of employees after they turn 60, we introduced an employment extension system in April 2006. Employees can work up to the age of 65, part-time (fewer working days and shorter hours) as well as full-time.



Let's Protect the Earth
Aoba Hatanaka (Kyoto, Japan)



The Plants of Earth
Riho Uemura (Kyoto, Japan)



The Wind Sorcerer
Hinako Ito (USA)

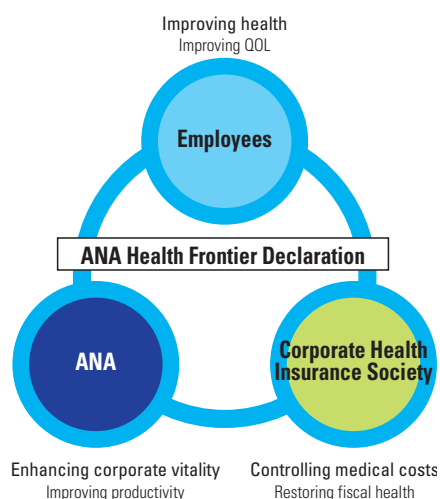
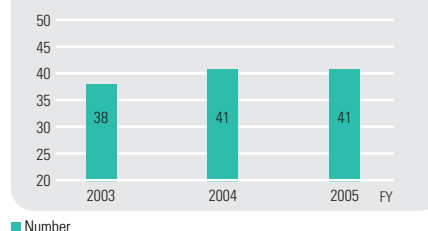
Safe and Pleasant Workplace

All employees should feel safe, fulfilled and motivated in their workplace. The ANA Group is actively working to create such an environment.

Approach to Safety and Health

We believe that an employee's safety, health and working environment are fundamental corporate responsibilities; we have safety and health committees in our offices nationwide. These committees work to prevent risks and health hazards to employees dependent on the situation in each workplace.

Frequency of Work-related Accidents



ANA Health Frontier Declaration

We have taken several steps to better manage employee health. Besides periodic health examinations (more extensive than those stipulated by law), these include subsidies for the cost of full physical exams through the health insurance system, health exams upon mandatory retirement, and the establishment of health consultation desks in every office. To maintain and improve mental health, we also have a program of regular check-ups and professional counseling services offered by the health insurance society.

In March 2006, aiming to become a corporation filled with good health and vitality, we announced the ANA Health Frontier Declaration, which states that ANA will improve corporate vitality and employee quality of life (QOL) by promoting employee health, while curbing medical costs. We will work on diversified activities under the declaration's aim of becoming a "company filled with good health and vitality."

ANA Welfare Plan

To help employees feel fulfilled and motivated, we have well-established programs for employee health and welfare at each stage of their careers, from recruitment to post-retirement. The Plan, which is divided into the six categories of "health plan," "financial

plan," "insurance plan," "life support," "leisure support" and "second life," offers employees a choice of schemes best suited to their particular lifestyle. We also instituted a Cafeteria Plan to assist independence and self-supporting efforts by employees.

Employee Communication

The ANA Group values all internal communication, from talks with labor unions on the working environment, to the direct talks we frequently hold in which employees can meet top management for frank discussions.

Direct Talks with Management

Since 2001, we have encouraged direct dialogue between employees and the executive management. In these talks, the management representatives share their thoughts on Group matters of the day and future directions while employees express how they see the situation along with any problems in the workplace. This direct communication cuts through any barriers between management and the frontline.



"Direct Talk" session

Free Conversation Room

The Free Conversation Room is a BBS on the Group intranet for employees to voice opinions. Messages posted by employees range from those pointing out safety-related issues and sugges-

tions for improving service, to impressions of lectures and thoughts on recent trends. We hope that the system will generate new ideas and insight for the benefit of all.

ANA Virtual Hollywood

ANA Virtual Hollywood was launched in 2004 with a view to providing Group employees the opportunity to take up challenges of their choosing, this to encourage initiative, greater interac-

tion and creative problem-solving. In FY2005, 21 employees (called "directors" in the program) made their proposals to executives and are taking action to implement their unique ideas.

Employee Satisfaction (ES) Survey

The ANA Group has been holding the ES survey since FY2004 to assess the progress of our workplace improvements. In the FY2005 survey, in response to the question "How proud are you to work

at the ANA Group on a scale of 0 to 5?", the median reply was 3.85—slightly more than in the previous survey. Based on this result we will further promote workplace improvements.

Labor-Management Relations

ANA Group operations depend on collaboration by many people in diverse positions. Communication among employees, and between labor and management, is of critical importance to the proper functioning of the business. A high level of employee motivation and skill is also of fundamental importance. Consequently, an environment conducive to communication is essential.

Mindful of these factors, we strive to maintain mutual trust and cooperation through extensive discussion and dialogue between labor and management. At the same time, we strive to contribute to society by fulfilling the ANA Group's mission of ensuring safety while improving our services and fundamental quality.

Interview

Corporate environmental efforts are in the spotlight. We talked to President & CEO Peter David Pedersen of E-Square Inc.—an environmental management consultant that advocates eco-friendly, “LOHAS” lifestyles—about current issues and how ANA’s contributions stack up.

LOHAS: Lifestyles of Health and Sustainability.
A health-oriented, environment-conscious lifestyle



Peter David Pedersen
President & CEO
E-Square Inc.

Regulation of CO₂ emissions on a global scale is necessary until an alternative fuel source becomes practical.

What exactly does E-Square do?

As you know, corporations in the past have concentrated mainly on financial strength and developing their businesses, neglecting environmental values and slighting matters of social responsibility. The message of CSR is that if such corporations continue in these ways, our society will become unsustainable. Our mission is to support and lead corporations in transitioning toward creating sustainable value—developing financial value while preserving environmental value and enhancing social values—for a sustainable economy.

What are your views on the current environmental issues?

From the viewpoint of sustainability, there are five problem areas: climate change, energy, resources, food and water, and biodiversity. The problem of

climate change is a particularly serious problem as it has significant consequences on other areas.

Such a large-scale problem will, of course, eventually affect corporations, but top executives in many of these corporations often are not quite as concerned with these significant problems as they are with their annual closings and midterm plans. I feel the most important thing is for these corporate leaders to realize that, when thinking of keeping the company and its activities flourishing 10 or 20 years down the line, and to maintain and further develop our society, climatic changes due to global warming will invariably affect corporations.

Deeply related as a cause of global warming is the problem of energy. Previously it was whispered that the supply of fossil fuel would run out—nowadays the focus has been on the

discovery that it may not. It is said that reserves of unconventional petroleum such as that found in oilsands is in as abundant a supply as conventional crude oil—however, there is concern that these less pure unconventional forms will lead to greater amounts of CO₂ emissions. We still haven’t found an alternative energy source. That is the biggest problem.

With food and water resources, too, it is said we are nearing levels of dangerously low supply—studies say Africa would need to increase its food production by more than five times by the year 2050 in order to keep up. In fact, the whole world must increase productivity 2.24 times by 2050.

Finding our way out is dependent on our realizing a carbon-free society, a petroleum-free civilization. It is increasingly important how and to what extent corporations and the body

Peter David Pedersen

Mr. Pedersen was born in Denmark in 1967 and entered Utsunomiya High School as a one-year exchange student in 1984. After graduating from the University of Copenhagen's Department of Anthropology in 1995, he returned to Japan as a corporate consultant, holding environment management events and international symposiums, and also working as a newscaster on Tokyo Metropolitan Television. In September 2000 he founded E-Square, which he leads as President & CEO. Mr. Pedersen is widely known as the propagator of the LOHAS lifestyle—Lifestyles of Health and Sustainability—a way of living gently on the heart, body and planet.

politic involve themselves in the solving of this major problem. In the present situation, the priority given to this topic is much too low.

The airline industry plays an important role as a public transportation system, but it also accounts for a large amount of CO₂ emissions. What are your feelings toward the airline industry?

It's an important industry, and I'm sure demand will continue to rise. Human exchange and interaction help foster world peace, and of course, the great convenience of air travel is something we have become accustomed to.

On the other hand, the industry is one that consumes a large amount of fossil fuel. We're all anxiously awaiting the creation of an alternate energy source to take the place of petroleum, but that may take several decades. In the meantime, what is necessary is to adopt the "carbon neutral" idea and encourage the planting of trees to absorb the CO₂, to try and balance it out. Some airlines have made attempts to tackle this problem, but most of these efforts seem to have sizzled out before reaching any effective levels of action.

I think that the only way to get the ball rolling is to have a global regulation requiring a CO₂-balancing structure incorporated in the system of air travel—in other words, the cost of a plane ticket should include the expense necessary to neutralize the harmful emissions of CO₂. This should go on until the alternate energy source is found and put into applicable use. The time will surely arrive, sooner or later, when we must turn to such a measure. It would be ideal if the airline industry would take the lead in setting an

example for others to follow, instead of putting it off until the last minute and acting reluctantly.

What do you think of ANA's efforts and contributions toward the environment?

I have an extremely good impression of ANA, and I think that it has become more competitive and appealing to customers over the years.

From the standpoint of environ-



mental conservation, I think that the company faces these issues head-on and is working diligently toward its goals, but I also think there is still a ways until the general public recognizes it. I think the image is yet to be made that this is a corporation that reaches out to customers while helping to save the environment.

The fuel-efficient Boeing 787, which gets 20% better fuel efficiency than previous aircraft, will enter service in 2008. Will that help our image?

Yes, I think that would have a great impact. When deploying the Boeing 787, it's essential that it be conveyed to the public in clear detail what efforts and contributions ANA has been making in conserving the environment. While cutting back on CO₂

emissions, efforts must obviously be made to balance out and try to neutralize as much as possible the amount of CO₂ that is emitted. A solid and comprehensive strategy must be created, and this conveyed to customers to win their hearts over. Such a scenario must unfold to make this work effectively.

It might help win even more customers, I think, if ANA were to become known as a LOHAS airline keen not only on saving the planet but on broadly supporting a gentle and healthy lifestyle. A gloomy outlook will not help with environmental contributions. The key is to appeal to the public that helping save the earth can be lots of fun. At a time when cost, quality and inflight services are roughly the same across the industry, I think that the added value of positively supporting a healthy, environment-friendly lifestyle, and sending that good message out to the public, is what, in the end, becomes the winning factor.

What kinds of efforts do you recommend the ANA Group make?

I think it's necessary for there to be a Group-wide concept to serve as the base and core, and for all the companies to engage in a thorough discussion of this concept. Centering on the CSR division, all branches of the company—the airline, travel agencies, hotels and others—must then think creatively of how they can each carry out positive social contributions that are mindful both of health and the environment, and act on them. If the ANA Group takes action in carrying out positive actions to create new values, I think there would be an exciting future for the company.

Environmental Policy

Based on our Environmental Policy, we are taking a variety of environmental measures, and engaging in our duties with an awareness that ANA Group's approaches taking account of the global environment will contribute to the sustainability of society.

Perspective on the Environment

Through its consumption of fossil fuels and the accompanying emission of carbon dioxide, the airline industry imposes a not inconsiderable burden on the global environment. The ANA Group recognizes this burden as a significant problem and intends to help preserve the environment.

Rectifying environmental problems are the responsibility of everyone that

consumes natural resources. Across the ANA Group, we pursue environment-friendliness by heightening awareness among employees under the phrase, "Thinking of People and the Earth." Environmental management is being promoted with the goal of making business activities compatible with the global environment.

ANA Environmental Policy Fundamental Approach to the Global Environment

In 1998 we published the ANA Environmental Policy stipulating our basic policy and course of action regarding the global environment.

ANA Environmental Policy ANA's Attitude towards the Environment

Basic Policy

We will pursue:

- Protection of the environment
- Effective utilization of limited natural resource
- Awareness of the public good

Course of Action

1. We will evaluate the impact of our commercial activities on the environment, and persevere in our efforts to protect the environment.
2. We will observe environmental laws and regulations, and furthermore, think and act independently to protect the environment.
3. We will make our best endeavor to minimize the environmental impact arising from operations of the airline industry.
4. We will make every effort to save energy and resources, to recycle articles, and to reduce waste.
5. We will contribute to the communities in which we live and work, through participation in social activities on environmental protection.
6. We will educate employees so that each may pay much more attention to environmental protection.

ANA Group Code of Conduct (Excerpted)

Environmental Protection

Protecting the environment is essential for the ANA Group. We play an active role in environmental protection activities and work to preserve natural resources through our business activities.

We must recognize how our business impacts the environment. While minimizing the impact on the environment, we will maintain sustainability of our business by following the ANA Environmental Policy.

Environmental Management

Environmental Activities—Background

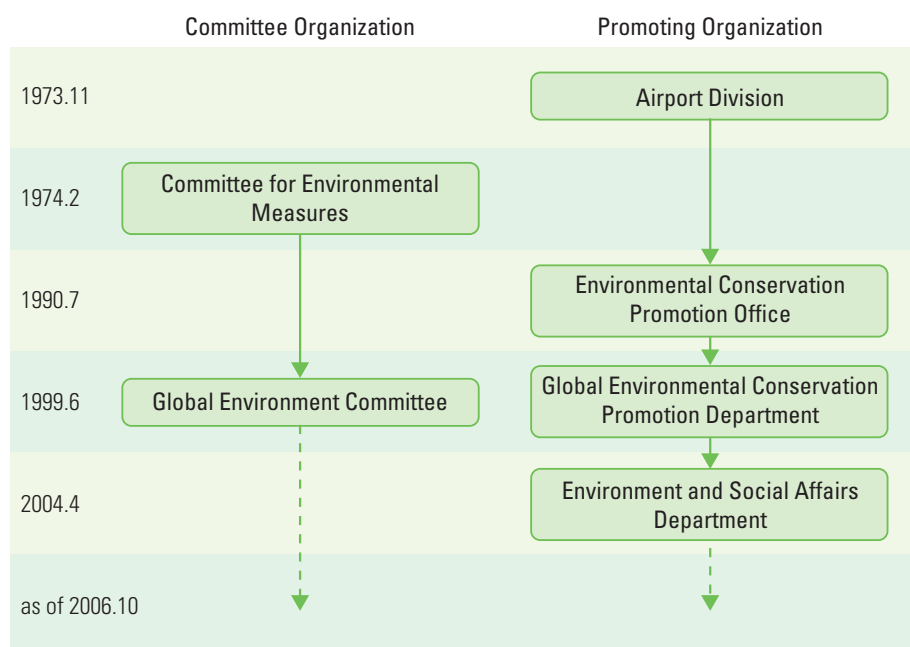
ANA has been addressing environmental issues centering chiefly on the problems of noise pollution since the 1970s.

In the 1990s, acknowledging that the environment had become a global issue, we shifted our activities to measures geared toward the coexistence of airlines and the global environment.

In April 2004, to promote social contributions further as a good corporate citizen, rather than just focus on conventional environmental issues,

we renamed the Global Environmental Conservation Promotion Department to the Environment and Social Affairs Department.

In the meantime, we published the first Environmental Report (1992 edition) in May 1993, the first such publication among airlines in Japan, and prior to our formal entry into the Star Alliance in October 1999, signed the Star Alliance Environmental Commitment Statement in May of the same year.



Because Everyone Is Here
Tatsushi Takayanagi (USA)



Dear Hermit Crab's Home
Jessica Hibler (USA)



Sunny Weather
Ellie Hawkings (UK)

ANA Group Ecology Plan 2003–2007

To play its part in promoting a sustainable society, the ANA Group formulated the mid-term ANA Group Ecology Plan in 2003. We decided to announce the progress every year: FY2005 is the third year of reporting.

ANA Group Ecology Plan—Review of FY2005

	Item	Aim
Promoting environmental management	Environmental compliance	Group-wide enhancement of legal management and compliance
	Environmental communication	Friendly reporting to customers and reflecting their views in our policies
	ISO14001	Deployment of environmental management methods based on ISO 14001 throughout the Group
	Environmental accounting	Group-wide environmental accounting
	Group companies	Promotion of transparent environmental management among subsidiaries
Climate change	Reduction of CO ₂ emissions from jet fuel	Reduction of the level of CO ₂ emissions per available seat kilometer in FY2007 by 12% relative to FY1990
	Reducing energy use in offices	Reduction of electrical and thermal energy consumption in facilities by 5% relative to FY2002
Air pollution	Conformance with aircraft emissions standards	Retirement of engines not meeting ICAO engine emission standards
	Environment-friendly vehicles	Doubling of the share of all low-pollution and low-emission vehicles
	Protecting the ozone layer	Maintenance of zero emissions for regulated substances
Noise	Conformance with ICAO noise levels (Chapter 4)	All aircraft to meet Chapter 4 standard by FY2007
Recycling	Waste reduction	Disclosure of actual recycling data on a yearly basis toward the goal of zero emissions. Reduction of the amount of industrial waste sent out for final disposal to 15% by FY2007
	Green purchasing	Increase the green purchasing rate to 100% for copier paper, and to 80% for other office supplies, by the end of FY2007
	Reducing harmful substances	Development of alternatives to substances covered by the PRTR (Pollutant Release and Transfer Register) Law and disclosure of actual data pertaining to yearly reductions
Promotion of environmental social contribution Aozora Activities	Environmental picture books	Holding environmental picture book contest annually
	Forestation project	Promoting forestation activities in Japan and abroad

FY2005 review	Reference page
We added 10 ANA Hotels and confirmed compliance at 30 ANA business units and 68 facilities across 18 ANA Group companies.	58
In addition to publishing the Environmental Report, we published the first CSR Report. Participated in environmental events such as the Environment Ministry's Ecolife Fair 2005, and increased coverage of environmental issues in our in-flight magazine, <i>WINGSPAN</i> .	59
We developed the Ecology Plan, collected environmental data, implemented compliance with environmental laws and regulations, and more in accordance with ISO 14001 requirements governing the development of environmental policy.	59
We added Air Central, bringing to 5 airlines covered the others are ANA, Air Nippon, Air Japan, Air Nippon Network.	59
In addition to our efforts at environment education through the Group's intranet, we strengthened environmental efforts at hotels and airport handling companies.	60
We retired B747-100SR and -200B aircraft, replacing them with B777 and other new models. We also expanded the EFP (efficient fuel program) and regular washing of engines. These measures led to a 10.6% reduction in CO ₂ emissions.	61~65
We promptly joined Japan's national movement, "Team Minus 6%," to prevent global warming and endeavored to save energy by adjusting the temperatures of our heating and cooling systems. Office power consumption, which accounts for three quarters of all energy we use on the ground, was 127 million kWh, 6.1% less than in FY2002.	65
With the retirement of B747-100SR and -200B aircraft, emission levels of all jet engines of ANA Group are within ICAO standards.	66
Share increased by 31% relative to FY2002, with addition of 17 low-pollution vehicles.	68
With the withdrawal of YS-11 aircraft in FY2003, the ANA Group no longer possesses any controlled CFCs (chlorofluorocarbons); in the previous term we installed equipment to retrieve all halon during regular checks of on-board fire extinguishers. With these measures we have established a zero-emission system for controlled substances.	68
With the retiring of B747-100SR and -200B aircraft in FY2005, we achieved our goal of having our entire fleet conform to the Chapter 4 standard.	69
The amount of material recycled from our aircraft maintenance sector (engine parts and aluminum material from repairs) and cargo sector (plastic waste) increased to 401 tons from 113 tons in FY2004. We also recycled cabin attendants uniforms.	71
By making greater use of the LAN (Local Area Network), we achieved a total green purchasing rate of 64%—an increase of 15% over FY2004. The rate was 51% for copier paper, and 78% for other office supplies.	71
We made efforts to develop alternatives not subject to the PRTR Law for paints, paint removers and cleaning agents. While we used fewer kinds of hazardous substances this year (31; a decrease of 8 from FY2004), the total weight of these substances nevertheless increased to 27.6 tons. Periodic replacement of the plating tank solvent was the main reason.	72
We held our third <i>Aozora</i> International Environmental Picture Book Competition, which attracted 661 entries from 12 countries. The first-prize-winning entry was printed as a book (100,000 copies) and distributed onboard, at offices as well as through educational organizations.	74
Forestation activities were held at 7 locations and many people from local communities, industries and universities joined in. Coral planting took place 8 times, with a total of 154 divers taking part.	73



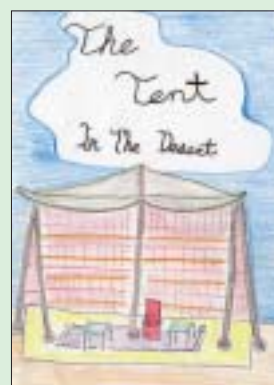
What a Beautiful Planet of Haruko-chan

Emily Finch (UK)



A Forest's Day

Kaho Kimijima (Belgium)



The Tent in the Desert

Masako Yamada (UAE)

Promoting Environmental Management

To meet its growing corporate social responsibilities, the ANA Group has been promoting a structure to comply with environmental laws and regulations and a system to verify compliance since FY2002. We are also practicing “environmental communication” and expanding the range of environmental accounting. ANA Group companies are also actively promoting environmental management.



Investigation of waste contractors by peer experts in FY2005

Compliance with Environmental Laws/Regulations

In FY2005, we added 10 ANA Hotels to our list of audited business facilities complying with environmental laws/regulations, for a total of 30 ANA facilities and 68 facilities at 18 Group companies. As a result, we confirmed that on average seven laws or regulations relating to the environment were applicable to each facility, and we adhered to a total of 484 such laws or regulations. We incurred no penalties and caused no environmental mishaps.

Assessment of Waste Disposal Firms

Since FY2003, we have asked trustworthy industrial waste companies to conduct evaluations of the firms com-

missioned by ANA Group companies to dispose of industrial waste. Their expertise as disposal professionals permits scrutiny and evaluation of these firms from all angles. We believe that these evaluations will help us to exclude unsuitable firms while heightening the motivation of Group companies to properly select and monitor such businesses.

Disposal of Used Vehicles

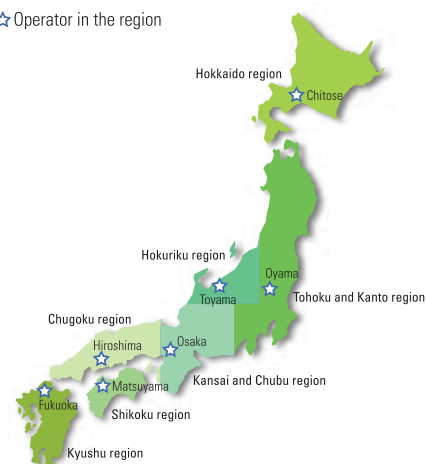
We established a Japan-wide network for the disposal of used vehicles that meets applicable laws and regulations, either the Waste Management Law or the April 2005 Vehicle Recycling Law. The system finds reliable operators in each region of Hokkaido, Kanto, Tohoku, Hokuriku, Kansai, Chubu, Chugoku, Shikoku and Kyushu to properly and efficiently dispose of used vehicles from airports in those regions.

Applicable Laws/Regulations and Number of Locations

	Law/regulation	Locations
1	Law of the re-manufacture of specific home appliances (Home Appliance Recycling Law)	66
2	Waste Management and Public Cleaning Law	66
3	Law concerning the protection of the ozone layer through the control of specified substances and other measures (Ozone Layer Protection Law)	55
4	Law for ensuring the implementation of recovery and destruction of fluorocarbons related to specified products (Fluorocarbons Recovery and Destruction Law)	57
5	Law concerning special measures for promoting appropriate treatment of polychlorobiphenyl wastes	2
6	Law concerning reporting, etc., of release to the environment of specific chemical substances and promoting improvements in their management (PRTR Law)	18
7	Law for the rational use of energy (Energy Saving Law)	17
8	Air Pollution Control Law	23
9	Law concerning special measures for total emission reduction of nitrogen oxides and small particles from automobiles in specified areas (Automobile NOx-PM Law)	22
10	Water Pollution Control Law	26
11	Sewage Control Law	14
12	Septic Tank Control Law	6
13	Noise Regulation Law	16
14	Vibration Regulation Law	14
15	Offensive Odor Control Law	6
16	Factory Allocation Law	1
17	Law for developing pollution prevention organization at specified factories (Pollution Prevention System Development Law)	1
18	Toxic and Hazardous Substances Regulation Law	20
19	Container and Packaging Recycling Law	18
20	Building Material Recycling Law	2
21	Vehicle Recycling Law	8
22	Law to assure sanitary environment of buildings	9
23	Food Recycling Law	17
	Total	484

Network for Disposal of Used Vehicles

☆ Operator in the region



Environmental Communication

A Broad Outlook

We need to act with a broad viewpoint to continue being a conscientious corporate citizen. And it behooves us to interact with external organizations such as NPOs, NGOs, government offices and academics to gain non-stereotyped viewpoints.

Two-Way Communication

Since 1999, ANA's website has contained special pages for environmental issues and welcomes inquiries

and comments through the dedicated e-mail account. We also participate in many environment-related events as a means of directly communicating with many people.

User-Friendly Environmental Reporting

Although our standard Environmental Report has been an efficient communication tool in terms of coverage, it is weak in terms of immediacy and distribution. In FY2005 we therefore



Ms. Yuriko Koike, then Minister of the Environment, visited ANA's booth at "Ecolife Fair 2005."

have been featuring environmental articles in our monthly in-flight magazine, WINGSPAN. We have also been employing our Internet TV "Channel J*," which broadcasts ANA's environmental activities. Furthermore, ANA VISION, a quarterly report distributed to shareholders, also carries environmental news and welcomes inquiries and opinions.

* Channel J: <http://www.channelj.co.jp/English>

Environmental Accounting

To quantitatively determine the cost of environmental conservation activities, ANA introduced an environmental accounting system in FY2001. Initially covering ANA airport offices and sections of the head office, the system was extended in FY2002 to all business offices and branches in Japan and cov-

ered the introduction of energy-saving aircraft; the use of ground power units (GPU) for parked aircraft; and Group companies such as Air Nippon (ANK) and Air Japan (AJX). The results also included Air Nippon Network (AKX) in FY2004, and Air Next (NXA) in FY2005.

Environmental Accounting Record (FY2005)

Unit: JPY millions

Environmental items	Costs	Major activities
Cost at each site		
Pollution prevention costs	647	Processing disposed water from washing aircraft bodies and kitchen facilities
Global environmental conservation costs	13,005	Introduction of energy-saving aircraft - Use of ground power for parked aircraft
Resource recycling costs	657	Waste treatment - Reduction, sorting and recycling of waste
Upstream and downstream costs	133	Green purchasing for inflight service goods Measures to comply with Packaging Recycling Law
Management activity costs	5,978	Cleaning of aircraft interior - Labor costs for environmental management Environmental education
Research and development costs	247	Improvement of engine performance (fuel efficiency) and research to improve operational methods
Social activity costs	175	Publishing the grand-prize winning story of the <i>Aozora</i> international environmental picture book contest
Environmental damage recovery costs	—	None
Total	20,842	

- Global environmental conservation costs: approx. 80% of the aforementioned costs are purchasing/lease costs for energy-saving aircraft
- The ANA Group appropriates 10% of its depreciation costs and leasing costs of aircraft to environmental accounting
- Targeted sections: All ANA sections (excluding overseas offices), ANK (Air Nippon), AJX (Air Japan), AKX (Air Nippon Network) and NXA (Air Next)
- Covering period: FY2005 (April 1, 2005 - March 31, 2006)
- Others: Based on the environmental guidelines set by the Ministry of the Environment

ISO 14001 Environmental Management System Certification

In February 2002, Narita Maintenance Center of the Engineering & Maintenance Division became the first facility handling aircraft in Japan to obtain ISO 14001 environmental management system certification from the United Kingdom Accreditation Service (UKAS). The certification was renewed under the latest version of the standard in February 2005.



ISO14001 certification

Promoting Environmental Management

Environmental Management at ANA Group

To promote the idea of environmental management, we strive for transparent environmental management across the Group. Here is the case of Okinawa Harborview Hotel, which is making concerted efforts at environmental management.

Acquisition of ISO 14001 Certification

The Okinawa Harborview Hotel opened as Okinawa's first authentic city hotel in 1975. It has been actively implementing environmental management: it established the ECO Promotion Committee in December 2002, began activities for ISO 14001 certification, started EMS (Environmental Management System) operation in October 2003, and received ISO 14001 certification in March 2004.

Energy-saving Measures

The hotel adopted an ice-regeneration system and completely remodeled its power input and transformer facilities. It also introduced a central monitoring board to control temperature at each facility. In addition, it installed a dimming system to reduce electricity consumption for lighting according to the amount of sunlight. In such ways, we are working to save energy.

The illumination in the lobby



Lounge ceiling and dimming system

lounge and Printemps, a garden restaurant on the ground floor, is constantly adjusted to make maximum use of sunlight for indoor lighting. The lights are dimmed on sunny days and brightened on cloudy ones, for example. In addition, a system was installed to automatically adjust luminosity at any time of day or night.

Reduction of Waste

Acting on the strong belief that almost all waste at lodging facilities can be recycled if sorted thoroughly, the hotel is focusing on reducing, sorting and recycling waste. In FY2004 the amount of general waste decreased by approx. 21% relative to FY2003. In the breakdown of general waste, combustible waste decreased by 40% compared with figures for FY2003. Since FY2005, we have sorted notepads and coasters as recyclable, promoting further reduction of refuse.

Eco menu served

In June 2006, the anniversary of the hotel's opening as well as Environment Month, the hotel introduced a *Chimujurasan* ecomenu. *Chimujurasan*, in Okinawan dialect, means "benevolent" and "friendly." The menu received much attention as an innovative LOHAS (Lifestyles of Health and Sustainability) menu hardly seen in hotels in Japan.

Food ingredients are carefully selected by a French chef under the concept of local production and local consumption. No refuse is generated from food ingredients: vegetables are cooked with skin and all, soup is made from fish offal, the skin of citrus fruits is used for dessert, and so on. Eco-marked pork loin, shipped under the "Kuima-ru Project" to raise pigs with kitchen refuse and organic fertilizer, was used for an entrée. Diners enjoyed each ingredient's natural taste, cooked in French style.



Chimujurasan ecomenu

Climate Change

In FY2005, ANA emitted approximately 6.7 million tons of CO₂, 98% of which came from the combustion of jet fuel. In FY2007, under its Ecology Plan, ANA set the goal of reducing CO₂ emissions per available seat km to 12% of FY1990 levels. (In FY2005, we achieved a 10.6% reduction.) We continue to approach our goal by adopting the very latest aircraft and through optimal engine maintenance.

Aviation and Climate Change

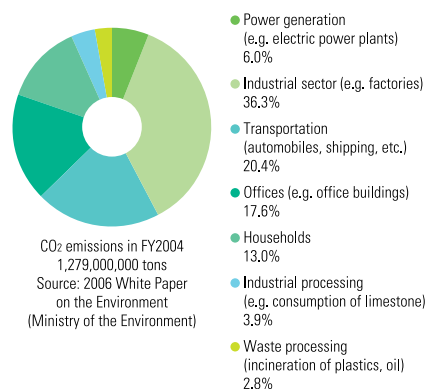
ANA activities that produce greenhouse gases include flights, aircraft maintenance and office work. Aircraft engines run on fossil fuels and produce emissions of mainly CO₂ (carbon dioxide), NO_x (nitrogen oxides) and H₂O (water vapor). Here we discuss CO₂, which accounts for 94.4%* of greenhouse gas emissions in Japan.

According to statistics from the ICAO (International Civil Aviation Organization), aviation accounts for 2.5–3.0% of all CO₂ emissions from used fossil fuels worldwide.

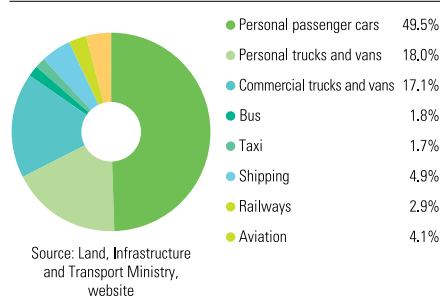
The share of CO₂ emissions from domestic aviation in Japan was about 4.1% of transport sector emissions in FY2004, and about 0.8% of the total industrial sector emissions.

* 2006 White Paper on the Environment (Ministry of the Environment)

CO₂ Emissions in Japan by Sector



CO₂ Emissions in Japan's Transport Sector (FY2004)



From One Small Egg
Akimi Asai (Singapore)



Sky La La La
Yoko Mizumoto (Tokyo, Japan)



The Thing to Keep Important
Aya Kamiguchi (Saitama, Japan)

Climate Change

Control of CO₂ Emissions from Jet Fuel

CO₂ Emissions

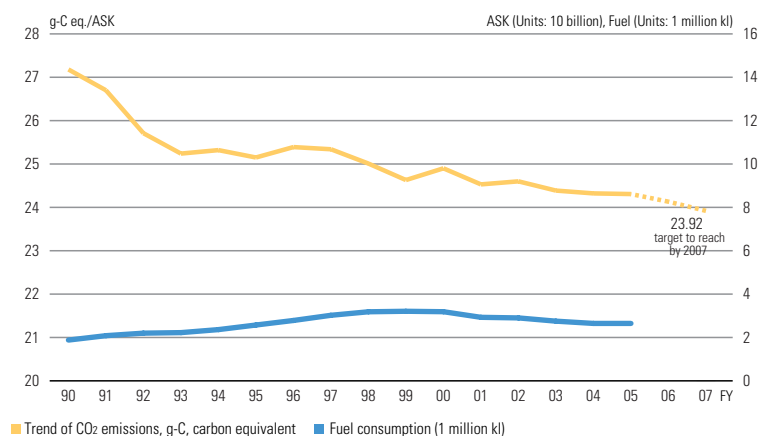
There is currently no substitute for fossil fuels available to the aviation industry, so it is important to improve its efficiency.

ANA's CO₂ emissions from aviation activities were approximately 1.80 million tons (equivalent in carbon, approx. 6.61 million tons in CO₂ equivalent) in FY2005; this was 0.3% lower than in FY2004. The reduction was achieved by retiring old aircraft and replacing them with the latest aircraft, as well as by implementing measures to reduce fuel.

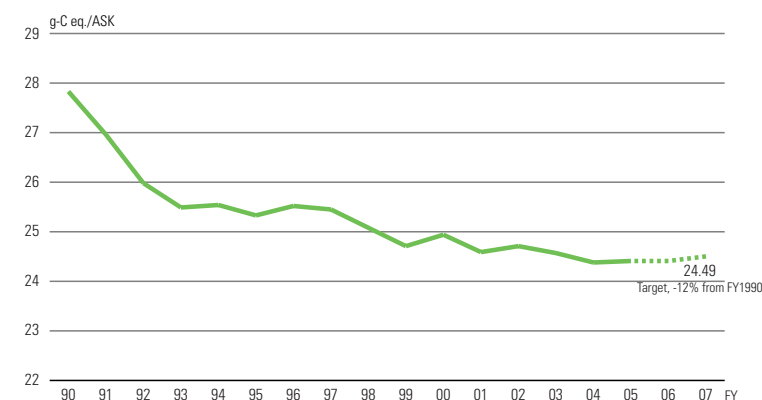
Figures on the right show records of CO₂ emissions for ANA and for the ANA Group respectively (both per Available-Seat km*). As shown in the figures, although the number of seats in service increased significantly from FY1990, the CO₂ emissions per ASK decreased. Both ASK CO₂ emissions and fuel consumption have decreased since FY2000 due to the business downturn stemming from the recession, terrorist attacks in the US, Iraq war and SARS (Severe Acute Respiratory Syndrome), but remained constant in FY2005 due to the economic recovery.

*Available Seat km (ASK): number of airlines' available seats multiplied by flight distance

ANA CO₂ Emissions per ASK (excluding data for cargo fleet)



ANA Group Airlines CO₂ Emissions per ASK (excluding data for cargo fleet)



ANA Group airlines include ANA, Air Nippon, Air Japan, Air Central, Air Nippon Network, Air Next and Air Hokkaido (ANA, Air Nippon and Air Japan data only through FY2002)

ATK (Available Ton km) CO₂ Emissions by Cargo Fleet

The ANA international cargo fleet has been operating since FY2002. ATK CO₂ emissions from the operation are as follows.

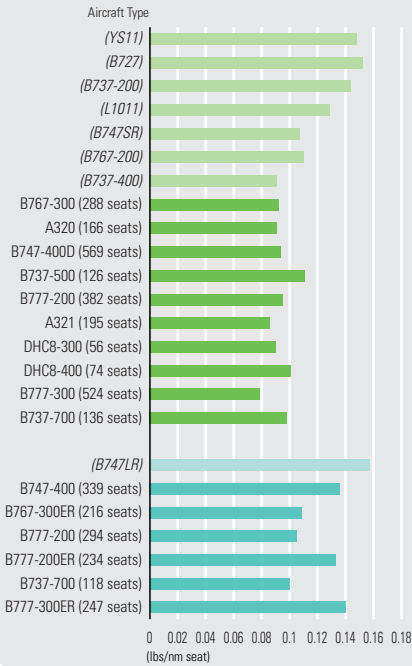
Aircraft type	FY2002	FY2003	FY2004	FY2005
B767-300F	479	446	439	439

Fuel-Efficient Aircraft

Reducing CO₂ emissions boils down to reducing fuel consumption. The most effective methods are: (1) introducing fuel-efficient engines with the latest technologies; (2) reducing air resistance through improved wing designs; and (3) reducing fuselage weight through the use of composite materials. The Boeing 787 employs all of these methods, and ANA was its first customer in July 2004, ordering 50 of them. The B787 is expected to reduce fuel consumption by 20% compared with the current B767-300.

The figure on the right shows fuel efficiency by aircraft type, showing the gains achieved by utilizing the latest aircraft.

Fuel Efficiency by Aircraft Type

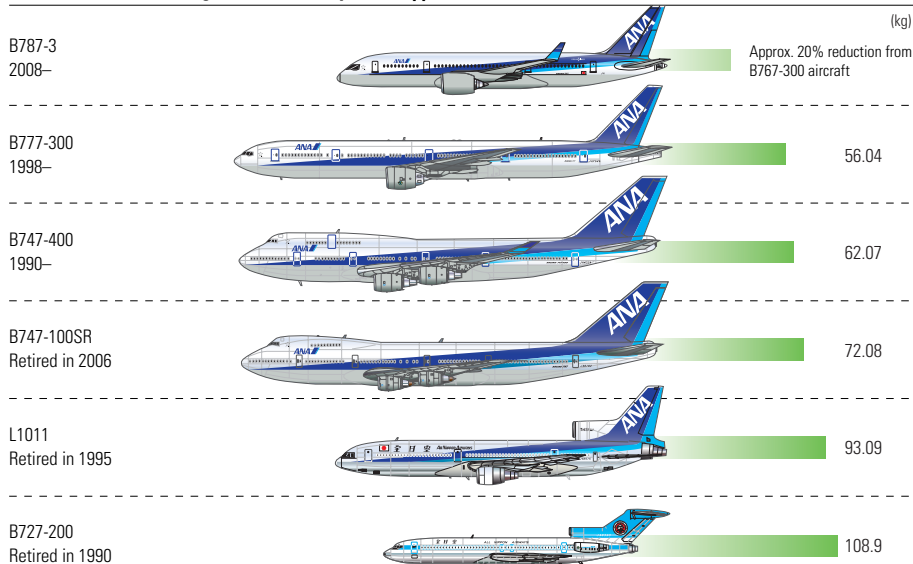


Retired aircraft type in italic

■ Aircraft for domestic flights (500nm, Seat Full, No Cargo)

■ Aircraft for international flights (5,000nm, Seat Full, No Cargo)

ASK CO₂ Emissions for Flights Between Tokyo and Sapporo



Please Don't Forget
Yasuko Kawana (Tokyo, Japan)



Oh!
Yasuhiro Nagao (Nara, Japan)



Sniff Sniff Little Bear
Tomoko Ineyama (Hyogo, Japan)

Climate Change

Reducing the Environmental Burden

As the reduction of fuel consumption directly leads to the reduction of greenhouse gas emissions, we position it as the most important measure for an airline. Since the first oil crisis of 1973 and the second oil crisis of 1979, ANA has been postulating and practicing various kinds of fuel-saving measures. Here are some recent examples.

EFP (Efficient Fuel Program) promotion project

ANA started the EFP promotion project in FY2003. EFP increases fuel consumption efficiency through various methods such as (1) creating fuel-efficient flight plans having optimal altitude and speed, while considering weather conditions and air traffic control information; and (2) informing pilots of the most fuel-efficient point to initiate descent for landing. We monitor the amount of fuel saved each month; in FY2005 we saved 18,000 kiloliters of fuel over the previous year. This represents the amount of fuel required by a B777-200 to make 1,250 round trips between Tokyo and Osaka. We are working to raise awareness of the need to reduce fuel consumption by flying at optimal altitudes and speeds in FY2006.

Taxiing after landing with some engines shut down

To help save fuel, ANA has been stopping some engines while taxiing on runways since 1994. The decision of whether or not to shut down engines is made by the captain based on the

airport, weather, taxiway and aircraft conditions, and instructions from the control tower.

Fuel thus saved in FY2005 is estimated to be around 1,800 kiloliters, which equals the amount of fuel required for a B777-200 to make 125 round trips between Tokyo and Osaka.

Recovering engine performance by washing compressor

The more an engine is used, the more dust particles stick to its compressor and degrade performance. ANA has been regularly washing compressors to maintain high engine performance and to reduce fuel consumption since FY2003. This effort has been extended to most of our aircraft. The amount of fuel saved from this washing in FY2005 was around 6,000 kiloliters—equal to 420 round trips between Tokyo and Osaka on a B777-200. Aiming for an even greater effect in FY2006, we plan to increase the frequency of washing by five times over the previous year.



Washing the engine compressor

Prioritized use of ground-power GPU

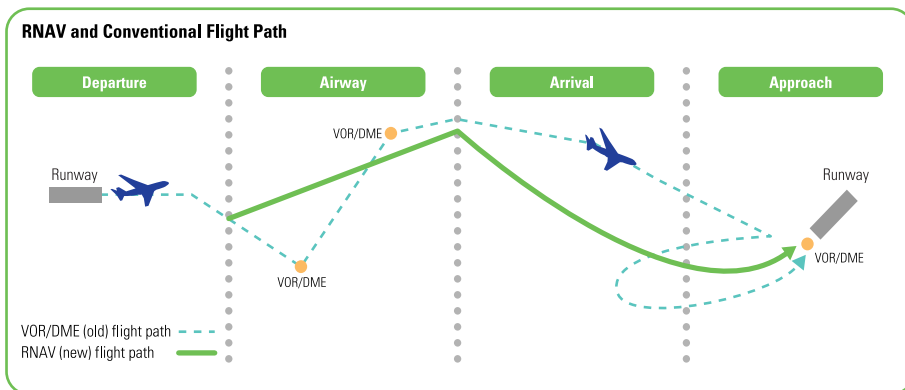
As an environmental preservation measure, ANA has been attempting to prioritize the use of GPUs (Ground Power

Units) and curb the use of APUs (Auxiliary Power Units) since 1990. An APU is a small on-board generator that provides electricity as well as pneumatic pressure for engine ignition and cabin air conditioning. APUs are less energy efficient than GPUs as they burn onboard fuel; we thus decided to use GPUs to a greater extent. In comparing the two, we found that by not using APUs we saved 33,000 kiloliters, or 160,000 barrels of fuel, in FY2005. This equals the amount of fuel needed for 2,300 round trips between Tokyo and Osaka by a B777-200.

Operation with RNAV (Area Navigation)

RNAV (Area Navigation) is a procedure for aircraft to navigate the designated flight route by radio-guidance facilities such as DME (Distance Measuring Equipment) and satellites. The figure on the right compares the conventional and RNAV routes. Not only does RNAV enable faster and shorter flights while reducing fuel consumption and engine exhaust, it also reduces noise around airports during the night.

RNAV was employed for the arrival route to Hakodate, Itami, Takamatsu, Fukuoka, and Kagoshima airports. The amount of fuel saved from the shortened path to those five airports is 1,700 kiloliters annually. This equals the amount of fuel needed for 120 round trips between Tokyo and Osaka by a B777-200. ANA will make further efforts to expand the use of RNAV in Japan and abroad.



New lighter-weight seats in domestic economy class

Saving fuel through simulators

Our use of flight simulators to train and evaluate flight crew reduces fuel consumption and noise. We introduced the devices in 1971, when the Civil Aviation Bureau approved the YS-11A flight simulator as an alternative for actual-flight training. Almost all flight training and evaluation now takes place in simulators; the devices are also used for maintenance training and evaluation.

In FY2005, simulator use at the ANA Group totaled 45,957 hours. If these hours were replaced with actual flight time, subtracting the electricity used for the simulators, they represent a savings of 307,879 kiloliters of

fuel (758,614 tons of CO₂). This equals 9.8% of the total jet fuel (domestic, international and other flights) used at the ANA Group in FY2005—equal to 21,000 round trips between Tokyo and Osaka by a B777-200. The ANA Group will continue to make effective use of flight simulators.

Weight Reduction Measures

The ANA Group is making efforts to make cabin equipment lighter to reduce fuel consumption.

Since October 2005, we have been introducing in domestic economy class new lighter-weight seats made of carbon-fiber reinforced plastic instead of the conventional aluminum alloy—resulting in an annual savings of 200 fuel drums per B777-200.

And in October 2006, we introduced 200 new containers made mainly of Kevlar®, some 28% lighter than conventional types, mainly on the Tokyo-San Francisco route. Using these lighter containers saves approximately 2.5 fuel drums each way on this route.

Reduction of Ground Energy Consumption (Excluding Aircraft)

Since FY2005, ANA has participated in “Team Minus 6%,” Japan’s national global warming prevention project promoted by the Ministry of the Environment. Among measures we have enforced is setting the air-conditioning to a higher temperature in summer. In September 2005, we received a certificate of appreciation from (then) Minister of the Environment Yuriko Koike for our cooperation in the project.

Our ground energy consumption has been decreasing in recent years: in FY2004, it was 92.8% compared with the previous fiscal year, and 100.2% in FY2005 at 46,000 kl (crude-oil equivalent).



Flight simulator at the flight training center



Certificate of Appreciation

Air Pollution

Air pollution generated from ANA Group operations is mainly exhaust from aircraft and automobiles.

Exhaust Levels During ICAO Landing / Take-off (LTO) Cycle

ANA Group engine exhaust levels during the ICAO (International Civil Aviation Organization) LTO cycle are shown on the right.

Exhaust Levels During ICAO LTO Cycle (FY2005)

	ANA	ANA Group
NOx (nitrogen oxide)	5.2	6.1
HC (hydrocarbon)	1.0	1.1
CO (carbon monoxide)	4.9	5.8

(1,000 tons)

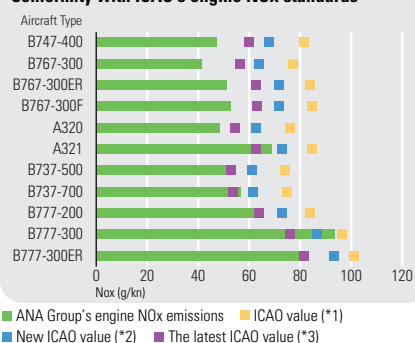
Low-Emission Aircraft

ANA's most effective measure to reduce hazardous exhausts from aircraft has been deployment of the latest aircraft equipped with advanced engines. These figures show the exhaust produced by the ANA Group fleet, with comparisons against ICAO standards for each substance. Engines currently in ser-

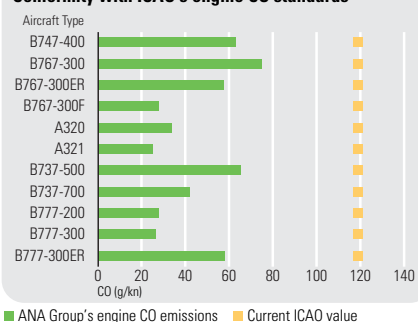
vice at ANA satisfy ICAO standards.

NOx emission levels at the ANA Group fleet, regulated by ICAO value 1, satisfy the standards. For your reference, these figures also show the ICAO value 2 and the latest value 3, 12% stricter than value 2, which most of the fleet meets.

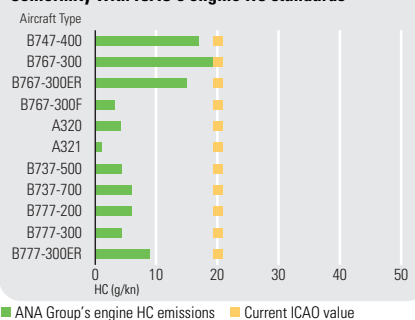
Conformity with ICAO's engine NOx standards



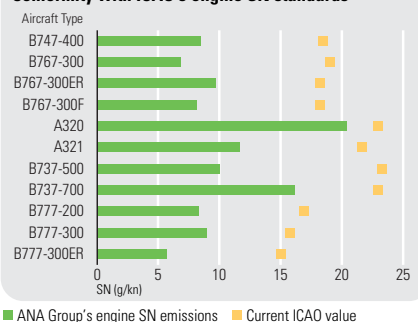
Conformity with ICAO's engine CO standards



Conformity with ICAO's engine HC standards



Conformity with ICAO's engine SN standards



(*1): ICAO standards to be applied for engines with type certifications acquired after January 1996 and for those manufactured after January 2000.

(*2): new ICAO standards to be applied for engines shipped after January 2004.

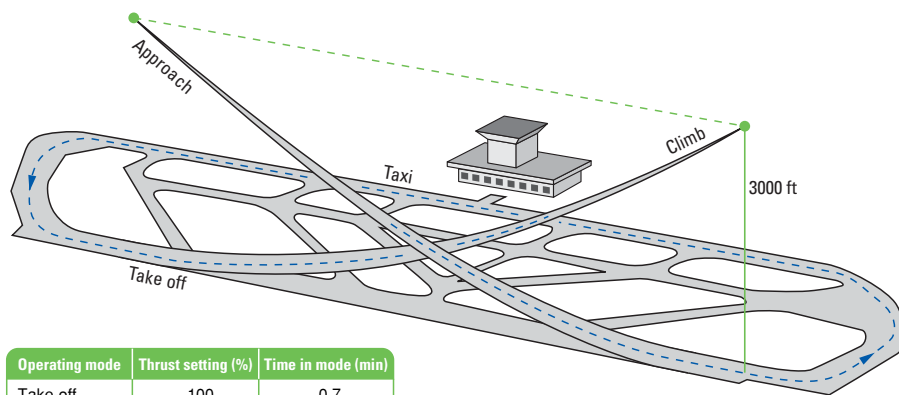
(*3): the latest ICAO standards to be applied for engines shipped after January 2008.

ICAO LTO Cycle

For aircraft exhaust, the ICAO (International Civil Aviation Organization) sets emission standards for NO_x (nitrogen oxide), HC (hydrocarbon), CO (carbon monoxide) and SN (smoke number, or

density) emitted during the LTO cycle that simulates aircraft landing and take-off. Japan Aviation Law also sets the same standards entitled “emission standards for aircraft operations.”

ICAO Landing / Take-off Cycle



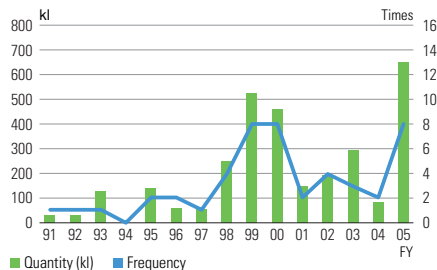
Operating mode	Thrust setting (%)	Time in mode (min)
Take-off	100	0.7
Climb	85	2.2
Approach	30	4.0
Taxi/Idle	7	26.0

Emission levels are measured during the LTO cycle, which is defined as a descent from 3,000 ft to the ground and an ascent to 3,000 ft after take-off. Engine tests are subject to the operating modes and times on the left chart.

Fuel Dumping for Unscheduled Landings

Mechanical malfunctions or passengers requiring immediate medical care often result in unscheduled landings. In such circumstances, the aircraft inevitably needs to dump fuel to reduce its weight and ensure a safe landing. Different airports designate specific dumping locations and altitudes, such as over oceans, to avoid dumping fuel over urban areas. When dumped at high altitude, fuel turns into a diffuse mist, which has minimal impact on the ground.

Frequency and Quantity of Fuel Dumping



For Today
Akiko Saito (Tokyo, Japan)



Shelter from the Rain
Mina Inoue (Hokkaido, Japan)



A Gift from the Sky
Sachiko Makiyama (USA)

Air Pollution

Protective Measures for the Ozone Layer

Ozone depleting substances include fluorocarbons, hydro fluorocarbons, methyl chloroform, trichloroethane and carbon tetrachloride. The ANA Group has promoted the use of alternatives to ozone-depleting substances and improvements in the way such substances are handled. As a result, the ANA Group does not use any designated fluorocarbons in its aircraft equipment or buildings. We will firmly maintain zero emission of controlled substances.

Halon recovery equipment

Halon fire extinguishers installed in cargo holds and passenger cabins are inspected and maintained regularly. By introducing halon recovery equipment, ANA has eradicated halon release into the atmosphere during inspection and maintenance procedures.

Use of substitute fire extinguishers in training

Flight and cabin crews regularly hold fire drills. For such drills ANA has since 1993 used dummy extinguishers (palm oil detergent) or water extinguishers, as well as video-based training, instead of actual halon extinguishers. The dummy extinguishers are almost the same as real ones in terms of appearance, weight, and capacity and in fact possess sufficient fire extinguishing power. Through these measures we avoid the unnecessary release of halon into the atmosphere.

Alternative cleaning agents

Designated fluorocarbons and trichloroethane, which were previously used in aircraft maintenance, were eliminated in 1994 and replaced by alternative cleaning agents.

Replacement of GSE* cars

In line with ANA's attempt to update its automobile fleet, GSE cars utilizing fluorocarbons for air conditioning have been replaced with alternatives. Furthermore, all vehicle maintenance companies at ANA are licensed to handle fluorocarbon recovery.

*GSE: Ground Support Equipment

Halon fire extinguishers in ANA buildings

Halon fire extinguishers are installed in the transformer rooms and computer rooms of ANA buildings. In developing new buildings or refurbishing existing ones, ANA uses halon-free extinguishers.

Introduction of Low-Pollution Vehicles (NOx, SPM*)

At the end of FY2005, the ANA Group was using 2,790 vehicles of various types throughout Japan including general automobiles and tow trucks, power unit vehicles, maintenance vehicles, forklifts, and so on at domestic airports. ANA has made efforts to update its automobile fleet in favor of lower-pollution vehicles. As of March 2006, ANA has a total of 269 low-pollution vehicles, approx. 10% of all vehicles, of which 30% are electric (battery operated) cars, natural gas cars and hybrid cars, and 70% are low-emissions cars

(certified for low fuel consumption). While the use of low-pollution vehicles in FY2005 increased by 133% over FY2002, this figure fell short of the goal (200%) stipulated in our Ecology Plan.

In December 2004, coinciding with the grand opening of the Haneda Airport Terminal 2, the ANA Group introduced nine light cars for liaison purposes. This move was a first in the airline industry, and the result of eased regulations pertaining to vehicles used inside airports. The ANA Group is also

striving to stop engine idling as a measure to reduce car exhausts and energy consumption.

*SPM: Suspended Particle Matter



Light car first introduced to Haneda Airport

Noise

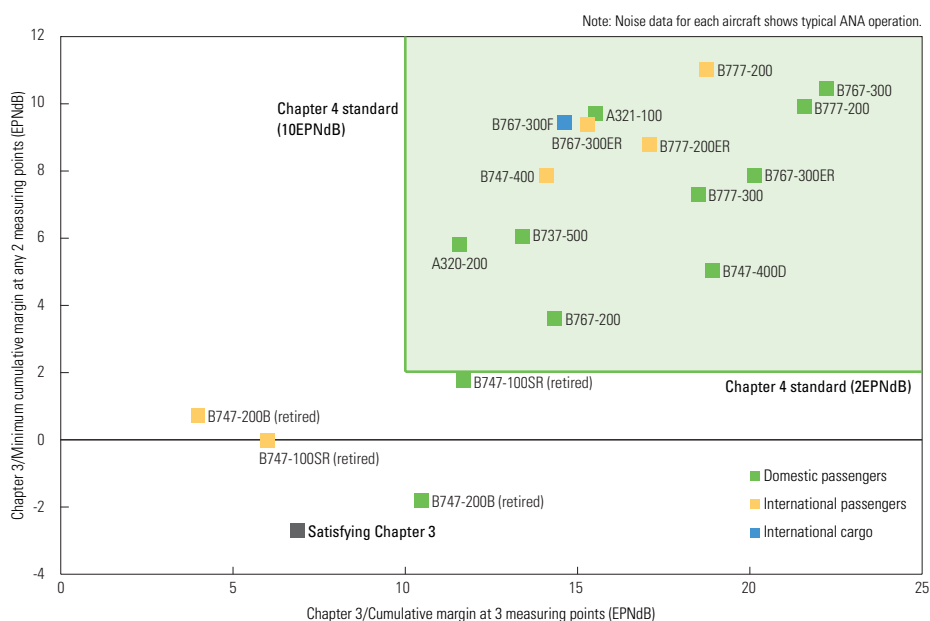
The ANA Group's measures to reduce aircraft noise have resulted in our entire fleet conforming to Chapter 4, the strictest ICAO noise standards.

Aircraft Noise

ICAO (International Civil Aviation Organization) determines the noise standard for semi-sonic jet aircraft. The initial Chapter 2 standard was followed by the Chapter 3 standard, with the latest Chapter 4 standard—effective for new aircraft after January 1,

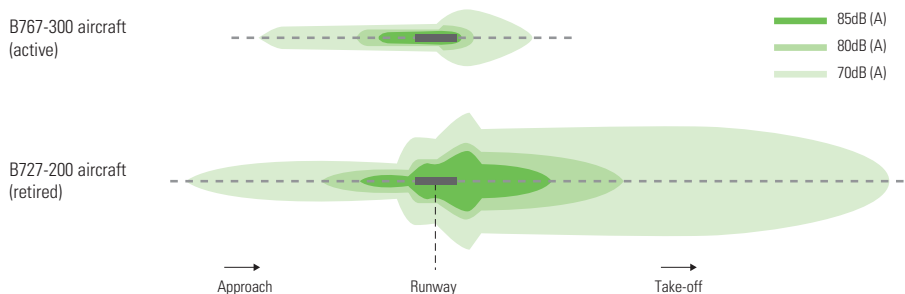
2006—being the strictest to date. Our aircraft meeting the Chapter 3 standard, B747-100SRs and B747-200Bs, were retired in Dec. 2005 and March 2006, bringing our entire fleet up to the strict Chapter 4 standard.

ANA Group Noise Level and ICAO Noise Standards (Conformity with Chapter 4 Standard)



Comparison of Noise Contour: Noise effect on the ground by Aircraft Type

The introduction of new aircraft has greatly reduced the noise influence range on the ground (noise contour).



Noise



Aira-chan and the Fava Beans
Kay Nakajima (USA)



Cat's Curiosity
Strenger Anne (France)



SEED OF DREAM
Morin Patrick (France)

Improvements on Flight Procedures

ANA has been examining various flight procedures to decrease the noise reaching the ground.

ANA's Noise Abatement Procedures

	Procedure	Description
Take-off	Steepest climb procedure	Continue a steeper take-off climb to a higher altitude than usual (to 3,000 ft.), so as to keep noise contained to as small an area possible, while controlling noise by attaining high altitude in residential areas.
Landing	Delayed flap-down approach procedure	Delay flap-down and landing-gear-down operations to reduce air resistance to the airframe, so as to decrease engine thrust requirement, thereby reducing noise.
	Low flap angle landing procedure	Set smaller flap angle for use during final approach to reduce air resistance to the airframe, so as to decrease engine thrust requirement, thereby reducing noise.
Landing and take-off	Preferential runway procedure	If one side of runway does not have a residential area, then perform take-off and landing in the preferred direction, wind direction and lower velocity permitting.
	Preferential flight path procedure	In the airport vicinity (at lower altitude), select flight paths that pass over rivers or that circumvent residential areas as much as possible.
	V-NAV approach continuous descent procedure	During descent, maintain higher altitude until the vicinity of airport, then continuously descend so as to control the change in the engine thrust, thereby abating noise. This procedure can save fuel as well.
	FMS/LLZ flight procedure	Use FMS/LLZ-RNAV in the airport vicinity and fly while avoiding residential areas and shortening flight path. In the case of late-night landing at Haneda Airport, avoid passing through Kisarazu (land area) and approach via shortcut over the ocean.

Reduction of Ground Noise

ANA optimizes the use of ground facilities equipped to reduce noise during engine tests. Osaka International Airport has an engine test facility with soundproof walls while Narita International

Airport uses a noise-reduction hangar.

In addition, we have shortened the duration of engine tests that must be carried out following overhauls by improving the efficiency of procedures.



Engine test facility with soundproof walls at Osaka Airport



Noise Reduction Hangar at Narita Airport

Resource Recycling

To ease the environmental impact of our activities, we are promoting “3R” (Reduce, Reuse, Recycle), and reducing the use and emission of hazardous chemicals.



Business card made from recycled issue of *WINGSPAN*, our in-flight magazine

Derivation of Waste

We are enforcing 3R activities considering awareness not to be wasteful is important: reusing seat materials and tires upon remolding, termination of in-flight meal menu cards on economy

class (replaced by a circulated menu photo panel), and recycling in-flight magazines to make employees' name cards.

Reduce, Reuse and Water Conservation

Industrial Waste

- Revision of method for measuring the aircraft's center of gravity (Measurement without discarding fuel on board)
- Recycling and reuse of aircraft tires (up to six times)
- Recycling and reuse of aircraft windows (Development of repair procedure)
- Purification of paint thinner and other solvents used in aircraft painting work by contracted company for reuse
- Reuse of activated carbon used in cabin air conditioning systems and treatment of the wastewater (intermediate water) from aircraft hangars
- Reduction of detergents for cleaning engine parts by using ultra-high pressure water spray

General Waste

- Presorted collection of cabin refuse (empty bottles and cans), and reduced volume of on-board waste (ANA: Installation of a trash compactor on some aircraft on international routes)
- Review of in-flight service items (types and quantities) (Termination of in-flight meal menu card in Economy Class)

Water Conservation

- Use of rainwater and treated kitchen wastewater (intermediate water) (FY2005: treatment and reuse of 579,000 tons at two facilities)

Recycling

Achievements in FY2005

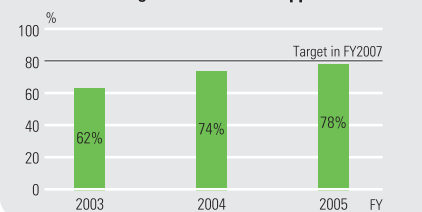
Aircraft engine parts, aluminum scraps from repairs, etc.	Metal materials	45 tons (¥15.62 million)/fiscal year
Vinyl sheets for protection of cargo from rain and dust (Haneda)	Solid fuel and garbage bags	6 tons/fiscal year
Cargo containers (Haneda and Narita)	Aluminum materials	69 tons (¥5.92 million)/fiscal year
Used ticket stubs (All airports in Japan)	Toilet paper	132 tons/fiscal year
In-flight magazines and timetables	Name cards, picture books, etc.	
Paper cups used for in-flight service	Toilet paper, etc.	

Green Purchasing

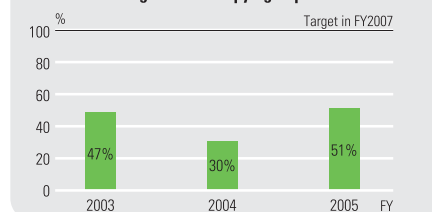
Since July 2002, ANA has been promoting green purchasing through the

introduction of an electronic purchasing system for office supplies and paper. In FY2005, our green purchasing ratio for office supplies was 78% and that for paper was 51%.

Green Purchasing Ratio for Office Supplies



Green Purchasing Ratio for Copying Paper



Reducing Hazardous Chemicals

Substances containing chemicals deemed potentially harmful to the environment are used in the maintenance of ANA Group aircraft; these include washing liquids, de-icing agents and paints. We are replacing these substances with those free of hazardous chemicals and changing our methodology to cause less impact on the environment.

Compliance with PRTR Law

ANA uses approximately 2,000 different products containing PRTR^{*1} regulated substances, most of which are employed in aircraft maintenance. The usage of such products, however, is extremely low compared with other industries. To manage and conduct the required registration of these products, we have set up a unified inter-company database that groups them according to type, quantity, composition and usage status. ANA has been attempting to extend this system throughout the Group.

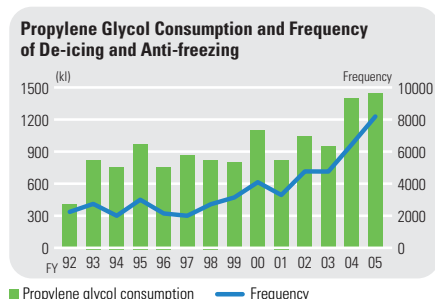
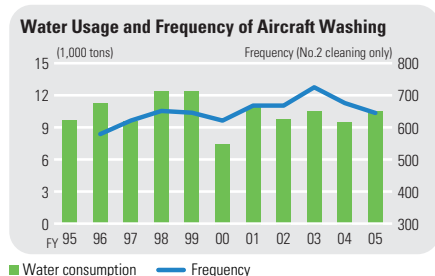
In FY2005, ANA used 31 such substances—eight fewer than the previous year—yet the total consumption^{*2} was 27.6 tons, some 9% more than the previous year. The reason for this increase was the periodic replacement of plating tank solvent at ANA Group companies. The ANA Group properly treats these substances given their potentially negative impact on the environment and will promote further improvements by continuing to study alternative materials and methods.

^{*1} PRTR – Pollutant Release and Transfer Register, managing the discharge and disposal of special chemicals controlled by law

^{*2} Total discharge (vaporized into atmosphere, to public water areas or land and landfill sites) and disposal (waste from business establishments and public sewage)

Major PRTR Substances Used by ANA Group (FY2005)

Volume rank	Consumption level	Purpose for usage	CAS No.	Improvements and others
1	Trichloroethylene	Steam washing before plating	79-01-6	Reduced by preventing steam diffusion and collecting liquid solution
2	Dichloromethane	Paint removal	75-09-2	Replacing most parts with non-chlorine-based agent alternatives (E-1092T)
3	Tributyl phosphate	Hydraulic aircraft fluid	126-73-8	
4	Toluene	Diluent such as those used for paint	108-88-3	
5	Sodium cyanide	Cadmium plating tank solvent	143-33-9	
6	Polyoctylphenyl ether	Cleaning agent	9036-19-5	
7	Chromic anhydride (chromium trioxide)	Plating material	1333-82-0	Less than one ton
8	Phenol	Paint remover	108-95-2	Less than one ton
9	Xylene	Diluents such as those used for paint	1330-20-7	Less than one ton
10	Dichlorobenzene	Paint removal	95-50-1	Less than one ton



Aircraft Water Cleaning and Discharged Water Processing

Aircraft are washed at Narita and Haneda airports. The water used is properly treated at the airport's treatment facility and discharged into the public sewage system. Previously, ANA was using

washing agents that included PRTR substances; these have been reduced by 95% over the last 5 years thanks to the development of alternatives.

Anti-freezing and De-icing Agents for Aircraft

For safety reasons, aircraft are not permitted to take off with snow or ice on the wings or fuselage. Snow needs to be blown off using large amounts of hot water or (for drier snow) compressed air, followed by the application of an anti-freezing agent. The ANA Group completely replaced anti-

freezing agents with propylene glycol (not subject to PRTR Law) in 1996, and has made efforts to develop better equipment and work procedures to reduce the amount of anti-freezing agent needed. The unusually heavy snowfalls in FY2005, however, led to high usage.

Environmental Contributions

The ANA Group is actively involved in environmental conservation activities entitled *Aozora* (My Blue Sky), with “For People and the Planet” as our slogan.

Forestation

Aozora ANA forests in mountain areas and near beaches are growing in number—there are presently 14 across Japan (locations shown below). *Aozora* is a 10-year project begun in 2004 that aims to aid forestation and forest management activities in areas surrounding airports served by the ANA Group. In FY2005, some 2,200 volunteers from near and afar gathered to help out.

Publicly owned forests are often

“My Blue Sky” ANA Forests

	Name	Nearest Airport	Launch Date	Location
1	Amagi Yugashima Forest	Haneda	4/17/2004	Izu, Shizuoka
2	Onocho Kijihiki Forest	Hakodate	5/16/2004	Rankoshi Forest
3	Rankoshi Forest	New Chitose	7/ 3/2004	Chitose, Hokkaido
4	Kitagocho Hanatate Forest	Miyazaki	10/31/2004	Minaminakagun, Miyazaki
5	OISCA Forest	Matsuyama	3/27/2005	Matsuyama, Ehime
6	Koyasan Genji Forest	Kansai	4/10/2005	Itogun, Wakayama
7	Ajisu Forest	Yamaguchi Ube	5/28/2005	Yoshikigun, Yamaguchi
8	Shibechacho Shitsugen Forest	Kushiro	5/29/2005	Kawakamigun, Hokkaido
9	Shinshu Forest	Haneda	7/16/2005	Kamiminochigun, Nagano
10	Asahi Forest	Hiroshima	8/20/2005	Miyoshi, Hiroshima
11	Niyodogawa Forest	Kochi Ryoma	10/22/2005	Agawagun, Kochi
12	Kitagocho mo Hachi no Su Forest	Miyazaki	10/30/2005	Minaminakagun, Miyazaki
13	Itohara Kaigan Forest	Oita	5/13/2006	Kunisaki, Oita
14	Yaotsu Forest	Chubu	10/21/2006	Kamogun, Gifu
15	Kirishima Forest	Kagoshima	10/28/2006	Kirishima, Kagoshima



Rankoshi Forest

borrowed for forestation projects. Rankoshi Forest and Amagi Yugashima Forest, however, are company-owned. Volunteer activities aim to directly meet the needs of each region and have included raising seedlings, planting trees and weeding, as well as creating boardwalks and wooden craft out of lumber from thinning. During the forestation activities, *Aozora juku* (open-air classes) are also held with assistance from the Field Science Education and Research Center of Kyoto University. Participants can take in the relaxing qualities of the woods while learning about the environment.



Itohara Kaigan Forest

Forestation Style

ANA set to work in 2003 with plans to participate in forestation as a method to help counter climate change. It normally takes no less than 23 cedars to absorb all the CO₂ emitted each year by a single person through regular breathing.

The ANA Group aims to continue implementing its long-range forestation plan with hopes of further strengthening the bond between people and forests.

Cycle of Forestation

Realizing the government pledge to the international community of reduc-

ing greenhouse gas emissions by 6% means that 3.9% of that would have to be supplied by well-maintained woodlands and forests in Japan. Our forestation activities also embody our hopes of initiating a productive and ecologically sound cycle that consists of planting, fostering, harvesting and then planting again. Other statistics from the Forestry Agency state that the trees in Rankoshi Forest can currently absorb 40 persons' worth of CO₂ emitted in a year, and Amagi Yugashima Forest, 11 persons' worth.

Environmental Contributions

Okinawa Coral-Planting



Planting corals

Team Tyura Sango website: <http://www.tyurasango.com>

Team Tyura Sango

Some of the great wonders of the seas of Okinawa are its many varieties of exotic fish and other unusual creatures. Another is its coral. Sometimes called “forests of the ocean” because they absorb CO₂ and create oxygen just like regular trees, coral contributes a great deal to Earth’s climate and environment.

The coral reefs in the beautiful Okinawan waters, like in many other seas around the globe, suffer harsh damage from recent elevated water temperatures, feeding of crown-of-thorns starfish, and the outflow of red clay. To combat these threats and revive the beautiful ocean of Okinawa, ANA joined forces with 13 other corporations and formed “Team

Tyura Sango.” Volunteer divers hand-plant coral grown in Onnason, Okinawa according to coral-planting guidelines set by the Japanese Coral Reef Society. At first, the freshly planted coral was fair game for the fish; by attaching protective nets, however, the survival rate improved from an initial 5% to 92%. Coral types such as *Edakomon* and *Shoga* are planted in a well-balanced mix.

Team Tyura Sango holds yearly public forums with special guests and professors from the University of the Ryukyus and *Sakana-kun*. At the forums, the ocean and its corals are explained in a way that even small children can comprehend, and the beauty and importance of Okinawa’s nature is impressed on the public.

International Environmental Picture Book Competition

The Third Aozora International Environmental Picture Book Contest

The Aozora International Environmental Picture Book Contest, hosted by the ANA Group and supported by the Ministry of the Environment and the National Federation of UNESCO Associations in Japan, was held for the third time in FY2005. The competition aims to teach and inspire future generations to place greater value on nature and to discuss the environment with family and friends. ANA began hosting this competition in 2003 in hopes of creating such opportunities for education and encourages people of all ages to participate.

As with the previous competition, submissions were received from a broad range of ages (6 to 78) and countries (11), and

from all over Japan. After careful consideration, the reviewing committee, headed by writer and naturalist Mr. C.W. Nicol, selected Hong Kong resident Ms. Claire Ho Yan Yu’s story *Four Seasons* as the first prize winner. London resident Ms. Natuko Nakamura’s *Spike* was chosen for the special prize, and 36 other works also received the second or merit prizes.

The awards ceremony was held in Hong Kong. Attending were special guests from the Hong Kong government and Japanese consulate, friends and family members of the grand prize winner, and many others. In the celebratory atmosphere, head judge Mr. Nicol and ANA President Yamamoto presented winner Ms. Claire Ho Yan Yu with her award and prize and offered

warm words of congratulations.

The winning story, *Four Seasons*, was published as a book in two versions—bilingual English-Japanese, and Chinese. A total of 100,000 copies were distributed for free aboard ANA Group flights, at offices in Japan and abroad, and at many kindergartens and schools.

Entries for the next Aozora International Environmental Picture Book competition were accepted from May through September; we thank all those who have sent in submissions. Winners will be announced on the ANA site in January 2007.



Award Ceremony for The Third Aozora International Picture Book Competition

Global Initiative

ANA Group believes that global environmental issues must be tackled by the global air transportation industry as a whole. And we are one of the airlines leading the way, playing an active role at every opportunity.



Star Alliance Environmental Commitment Statement

Contributing to a Global Framework

Worldwide environmental efforts moved into full gear in the 1990s, and the UN Framework Convention on Climate Change (FCCC) was adopted in 1992. The UN Conference on Environment and Development (UNCED) then took place with the participation of over 150 nations and the goals of reducing greenhouse gas emissions to 1990 levels by the end of the decade. The third meeting of this framework convention was held in Kyoto in December 1997, culminating in the adoption of the Kyoto Protocol. As the protocol came into effect in February 2005, countries that had ratified the convention including Japan restarted discussions on the implementation rules of the Kyoto Protocol towards the second commitment period.

The air transportation industry became more aware of the relationship with the environment after it was

embraced by the movements of the Conference of Parties (COP) and other organizations. Together with safety and security, the environment has become one of the three main themes of the industry's international conferences. ANA has been actively participating in the international conferences of the UN's International Civil Aviation Organization (ICAO) working groups, the International Air Transportation Association (IATA), and the Association of Asia Pacific Airlines (AAPA), and has contributed to creating a framework of environmental measures for airlines. In recent years, the air transportation industry is voluntarily working toward establishing a system of emissions trading scheme so as to reduce its greenhouse gas emissions. In this area as well, ANA took the initiative and considerably contributed to policy making procedures.

As a Star Alliance Member

As a member of the Star Alliance, ANA signed the "Star Alliance Environmental Commitment Statement" in May 1999 together with other members (nine airlines at the time), thereby clarifying our commitment to the environment. Although Star Alliance developed the EAG (Environment Advisory Group) as promised in our declaration and held several meetings, the terrorist attacks in 2001 placed some of the member companies in difficulty; as a result the EAG fell into a dormant state. Seriously concerned with this situation, ANA set up the "Star Alliance Asian League"

with Singapore Airlines and Thai Airways International, which was later joined by Asiana Airlines and Air New Zealand. ANA now chairs the organization and holds meetings every year.



Star Alliance Environmental Conference held at Thai Airways International in August 2005

ANA Group Environmental Data

This section details the ANA Group's impact on the environment.

ANA Group Environmental Data (FY 2005)			Units	ANA Internal	ANA Group	Ratio over the previous year (ANA Group)
Ozone depletion	Aircraft	Halon and Fluorocarbons Amount of discharge	kg	0	0	—
		Specified chlorofluorocarbon (CFC)	kg	0	0	—
		Halon in fire extinguishers	kg	16,643	17,754	—
Water resources	Total water usage (Buildings)		ton	293,405	473,216	89%
		Waterworks	ton	274,754	44,612	93%
		Recycled water	ton	57,955	70,908	123%
		Rate of recycled water usage		20%	15%	
Eco-system related environmental issue	Water pollution	Total waste treatment (Buildings)	ton	26,827	34,186	75%
		Industrial waste	ton	19,594	26,953	88%
		Cafeteria waste	ton	7,233	7,233	49%
		Aircraft anti-ice agent usage	kl	1,484	1,484	156%
	Toxic substance	Amount of PCB storage	kg	4,246	4,363	100%
Global warming	Deforestation	Total paper consumption	ton	5,082	10,353	109%
		Total paper for photocopies (purchased)	ton	273	382	111%
		Percentage of recycled paper use		99.7%	80.3%	
		Other (posters and pamphlets)	ton	4,810	4,825	93%
	Energy	Total energy consumption (crude oil equivalent)	crude oil kl	2,692,829	3,165,313	101%
		Aircraft energy consumption	crude oil kl	2,655,833	3,119,758	101%
		Ground energy consumption	crude oil kl	36,996	45,555	100%
		Total aircraft fuel consumption	kl	2,682,660	3,151,271	101%
		Consumption per seat-kilometer	L/100ASK	3.62	3.63	100%
		Building power consumption	kWh	111,483,988	127,286,198	99%
		Vehicle fuel consumption	kl	1,151	4,372	73%
		Facility fuel consumption	kl	3,483	4,083	103%
		Total gas consumption	m ³	350,809	819,774	108%
		Energy supply	MJ	60,840	62,413	214%
	Air pollution	Total number of vehicles/aircraft				
		Aircraft	aircraft	143	192	102%
		Motor vehicles	cars	1,327	2,790	131%
		Low-emission vehicles	cars	91	269	107%
		Ratio of low-emission vehicles		7%	10%	
		Total carbon dioxide (CO ₂) emissions	10,000ton-CO ₂	665	784	101.4%
		Aircraft (total carbon emissions)	10,000ton-CO ₂	661.0	776.5	101.2%
		Aircraft (emissions per seat-kilometer)	g-CO ₂ /ASK	24.31	24.41	100.1%
		Ground equipment and vehicles (total emissions)	10,000ton-CO ₂	4.2	7.8	—
		Nitrogen oxide (NO _x) (Aircraft – amount of emissions in LTO cycle)	10,000ton-NO _x	0.52	0.61	94%
		Hydrocarbon (HC) (Aircraft – amount of emissions in LTO cycle)	10,000ton-HC	0.10	0.11	100%
		Carbon monoxide (CO) (Aircraft – amount of emissions in LTO cycle)	10,000ton-CO	0.49	0.58	95%
		Fuel dumping for emergency landing (Aircraft – total amount)	kl	641	641	772%
		Number of fuel dumping	times	8	8	400%
Waste	Total waste		kg	20,774,882	21,880,828	104%
		In-flight operations-Total cabin waste and sewage	kg	17,758,899	17,758,899	113%
		Ground operations-Total ground waste	kg	3,015,983	4,121,929	79%
		Subtotal of general waste	kg	2,008,800	2,209,212	73%
		Subtotal of industrial waste	kg	1,007,182	1,912,716	87%

The data shows ANA and the ANA Group companies (Air transportation, Maintenance, Ground handling, Vehicle maintenance, etc.) in FY2005. May not include data for all ANA Group companies.

Energy Consumption and CO₂ Emissions

1. Summary

As an airline group, our energy consumption is mainly jet fuel (98%). The remaining 2% consumed on the ground is still significant—equivalent to 46,000 kiloliters of crude oil—and of that, 75% is electricity (approximately 140 million kWh). This equals approximately half of the total annual power consumption at a major private railway in Tokyo.

2. Transition

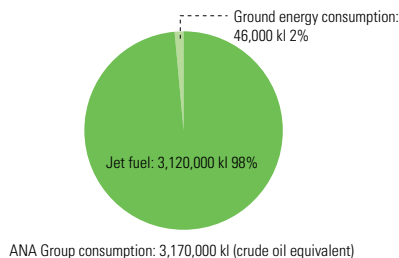
Aircraft Energy Consumption

Consumption of jet fuel increased by 1% from FY2004. CO₂ emissions also increased by 1%.

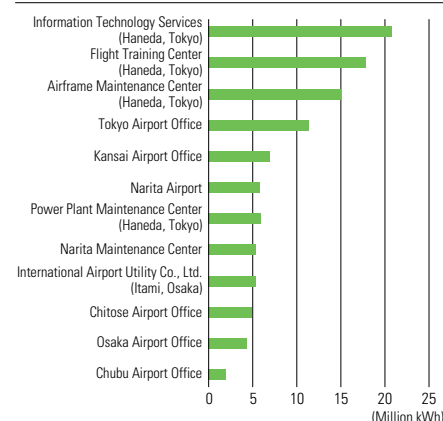
Ground Energy Consumption

Ground energy consumption totaled 46,000 kiloliters (crude oil equivalent), about the same as in FY2004. Five offices (Information Technology Services, Flight Training Center, Airframe Maintenance Center, Power Plant Maintenance Center and Tokyo Airport Office) consumed approximately half of the total electricity. Total consumption fell by 1% (850,000 kWh) from FY2004. The ANA Group's rate of decrease in ground energy consumption has been slowed in recent years.

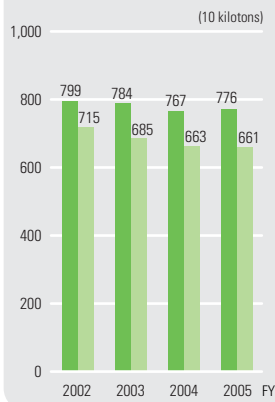
Annual Energy Consumption (crude oil equivalent)



Breakdown of Electric Power Consumption by Office (FY2005)

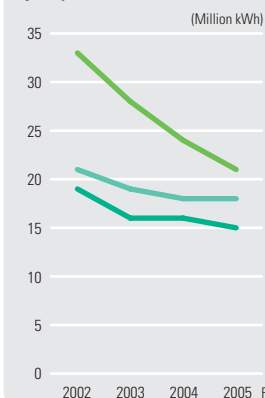


CO₂ Emissions from Aircraft



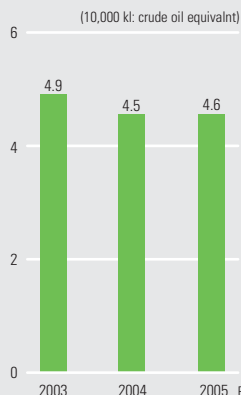
■ ANA Group ■ ANA

Electrical Power Consumption by Major Offices



— Flight Training Center
— Information Technology Services
— Aircraft Maintenance Center

Ground Energy Consumption



ANA Group Environmental Data

Paper Consumption

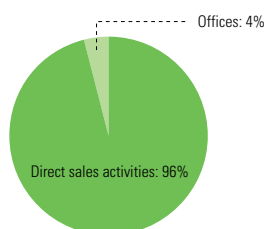
1. Summary

The ANA Group consumed 10,353 tons of paper. Of this, 96% was used for business operation activities such as publishing timetables, pamphlets, posters and the inflight magazine. The percentage of paper used for photocopying in our offices represented 4% of the total, or approximately 382 tons. While this is a considerable amount, 80% was recycled paper.

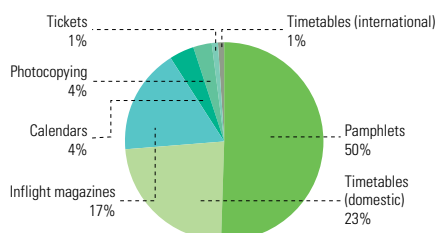
2. Transition

FY2005 paper consumption increased by 8.8% over FY2004, to 10,353 tons, the major factor being an increase of 839 tons used for ANA Sales pamphlets.

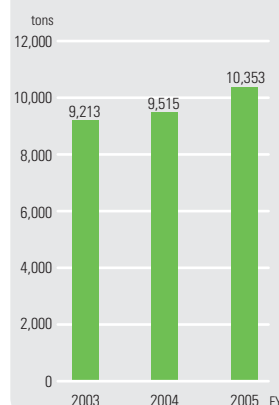
Breakdown of Paper Consumption



Breakdown of Use



Paper Consumption



Ground Vehicles

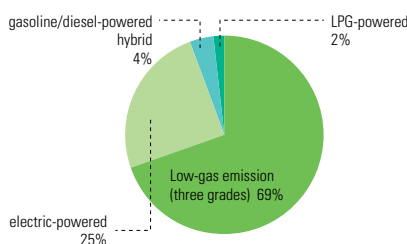
1. Summary

In total, 2,790 vehicles are in service at ANA Group companies; these also have a significant impact on the environment. Over 80% of these vehicles are used mainly for ground handling and in limited areas at airports.

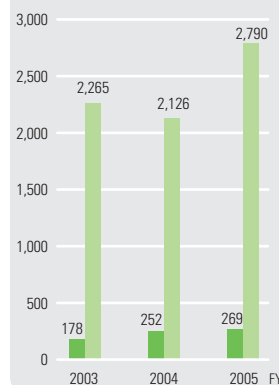
2. Transition

New data for ground handling vehicles at all airports in Japan were added to the total, resulting in an increase of 664 from FY2004. The number of low-emission vehicles increased by 17 to a total of 269. The ratio of low-emission vehicles is 10%.

Breakdown of Low-Emission Vehicles



Total number of vehicles



■ Number of low-emission vehicles
■ Total number of vehicles

Derivation of Waste

1. Summary

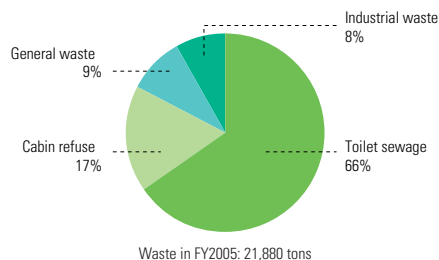
The ANA Group produced 21,880 tons of waste. Of this, general waste from aircraft (toilet sewage and cabin refuse) accounted for about 80%. The rest came from ground operations.

Approximately 33% of industrial waste was plastic. We continue working to reduce cabin refuse and waste plastic.

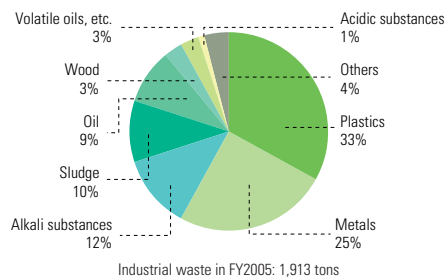
2. Transition

Our waste increased by 920 tons (4.4%) over FY2004. Although general waste from ground operations decreased, aircraft toilet sewage increased.

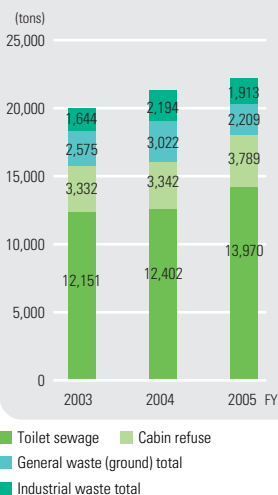
Breakdown of Waste



Breakdown of Industrial Waste



Waste Produced



From Everybody in the Forest

Chisato Tominaga (Tokyo, Japan)



Rainbow Angel's Cloud

Marie Enomoto (Saitama, Japan)



Let's Make a Road

Akihiro Matsuno (Nara, Japan)

Assessment by Rating Agencies

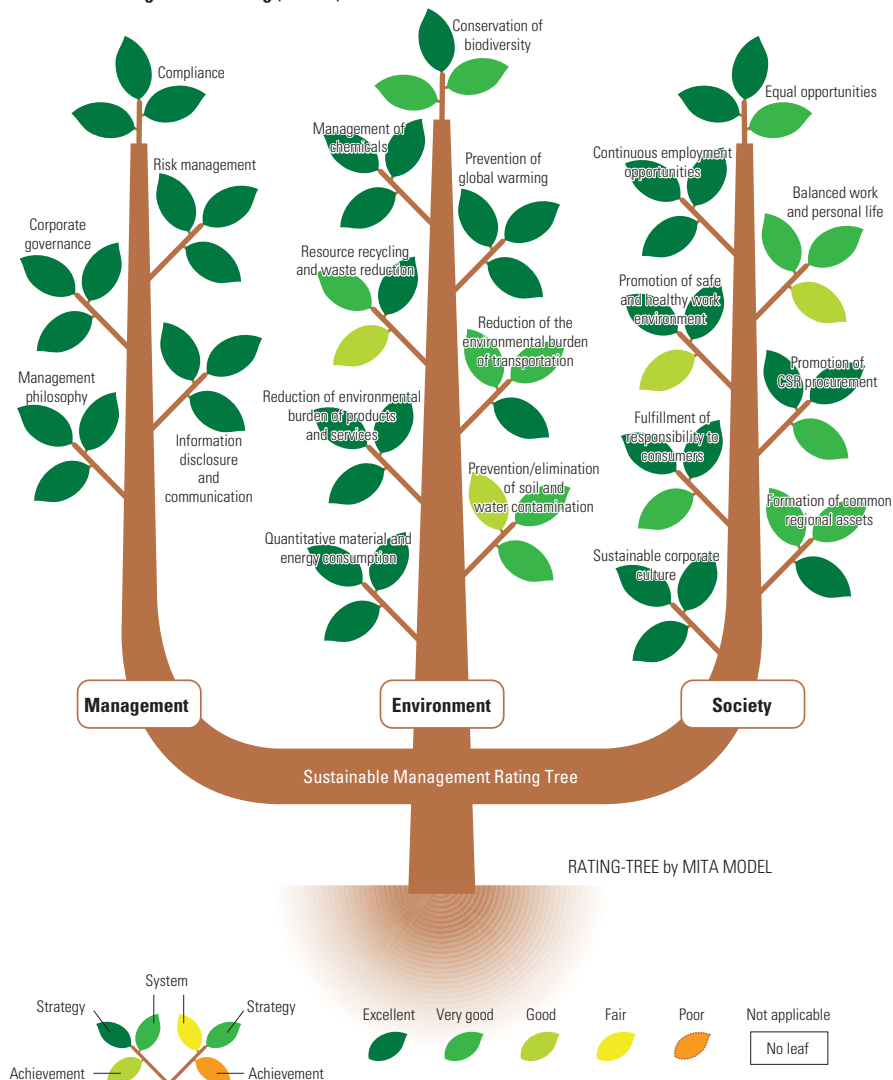
Rating for Sustainable Management

We have participated in the nationally subsidized “Environmental Management Rating” system every year since it began in FY2002. (The ratings are conducted by the Sustainable Management Forum of Japan and by special non-profit organizations that research and rate management in this respect.) In FY2005, its fourth year, the “Environmental Management Rating” was renewed by incorporating CSR factors, and we received a rating higher than “fair” in all categories. The result of our first “Sustainable Management Rating” is shown on the right.

AAA Rating from Innovest Strategic Value Advisors

In FY2006, US-based Innovest Strategic Value Advisors, which rates more than 2,000 corporations across the world on environmental and social aspects, gave ANA an “AAA (Triple A),” its highest of seven ratings. Of the 16 airlines rated in FY2006, only four received this rank. Our advanced sustainable management strategies have therefore paid off, earning us a No.1 assessment in the Asia and US regions.

First Sustainable Management Ranking (FY2005)



Innovest rating

Sustainable Management Rating Tree

The three domains (branches), i.e., management, environment and society, are divided into survey items (leaves). The three leaves for each item stand for strategy, system and achievements, respectively. The colors of the leaves represent the ratings.

GRI Content Index

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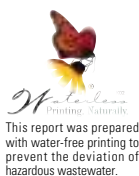
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