

Air Transportation



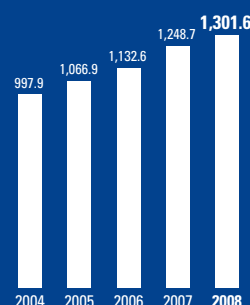
Highlights

Air transportation revenues	¥1,301.6 billion (+4.2%)
Operating expenses	¥1,223.6 billion (+4.7%)
Operating income	¥77.9 billion (–2.2%)
ROA*	5.0% (-0.5 percentage points)

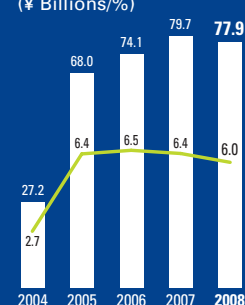
ROA = segment operating income /
[(segment assets at beginning of period + segment assets at end of period) / 2]

The air transportation segment accounted for 75.9% of total operating revenues before eliminations.

Operating Revenues
(¥ Billions)



Operating Income/
Operating Income Margin
(¥ Billions/%)



In domestic passenger operations, the number of passengers decreased due to intensified competition with air and other transportation and weakened demand. In international passenger operations, firm business demand and route network expansion in China and Asia resulted in a year-on-year increase in the number of passengers. In cargo and mail operations, cargo volume rose substantially as a result of improved convenience from an increase in cargo freighters in international routes and enhancements to the network.

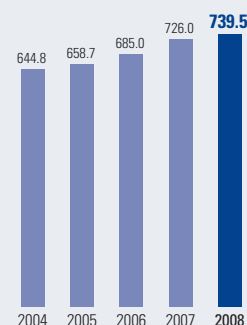
ANA worked to improve products and services and to acquire high-yield passengers and raised fares in response to rising fuel prices. As a result, air transportation revenues increased year on year. On the other hand, although ANA reduced transportation costs by matching capacity to demand and introducing fuel-efficient new aircraft, operating income decreased slightly year on year.

Domestic Passenger Operations

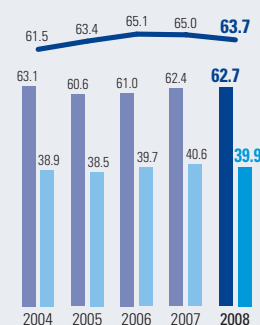
Highlights

Passenger revenues.....	¥739.5 billion (+1.9%)
Passenger numbers.....	45.6 million (-2.0%)
Available seat-kilometers	62.7 billion (+0.4%)
Unit revenues.....	¥11.8 (+¥0.2)
Yield	¥18.5 (+¥0.6)
Unit price	¥16,233 (+3.9%)

Operating Revenues
(¥ Billions)



Available Seat-km (ASK)
Revenue Passenger-km (RPK)
Load Factor
(km Billions / %)



Overview of the Fiscal Year Ended March 2008

Flexible Pricing and a Shift to More Profitable Routes

With weaker overall demand on domestic routes, competition with other airlines and the Shinkansen bullet train intensified on our main routes.

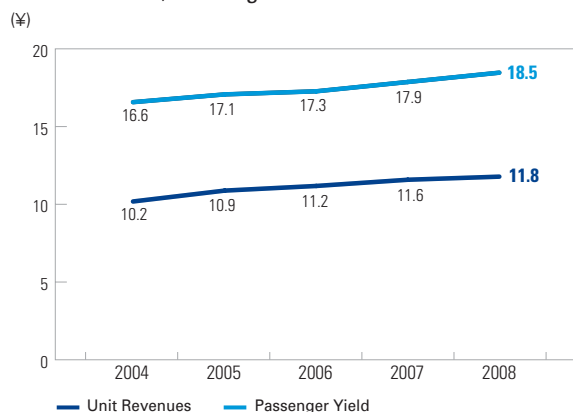
ANA focused on capturing business demand while setting and introducing discount fares to generate new demand. Other initiatives to strengthen competitiveness included adding flights during peak demand periods. Ongoing efforts from the previous fiscal year to improve ANA's network included reducing flights on less profitable routes while increasing flights on routes where demand is strong. Moreover, ANA took steps to raise the competitiveness of

its network by offering a code-sharing service with Starflyer Inc. for flights on the Haneda–Kitakyushu route from June 2007 and with Skynet Asia Airways Co., Ltd. for the Haneda–Kagoshima route from September 2007.

Increasing Revenues with Improved Service and Higher Unit Prices

Based on the concepts of simplicity and convenience, the *SKiP* boarding service eliminates the need for check-in at airports. ANA strengthened its functions by extending the *SKiP* service to all domestic airports that the ANA Group serves and to passengers who are checking baggage. In order to enhance sales competitiveness, ANA formed an alliance with Rakuten Travel Co., Ltd. to provide the

Unit Revenues / Passenger Yield



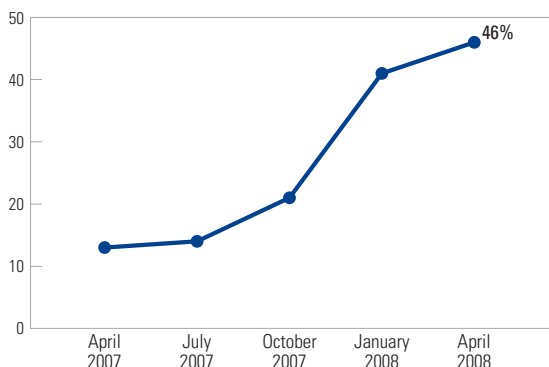
New *SKiP* service from September 1, 2006

Air Transportation

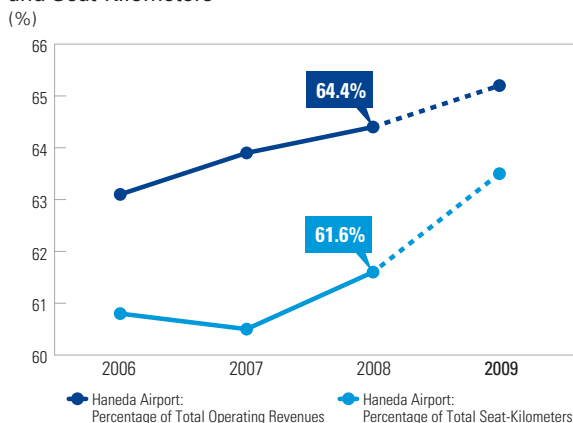
ANA@desk business support system to corporations, and concluded a comprehensive alliance agreement in December 2007 with East Japan Railway Company to provide seamless air and rail service.

As a result, while the number of passengers decreased 2.0% year on year to 45,557 thousand, passenger unit price increased 3.9%, and revenues rose year on year due to a fare revision in April 2007, an increase in passengers who used high-yield *Super Seat Premium*, and sales strategies tailored to demand trends.

Use of SKiP Service (%)



Haneda Airport: Percentage of Total Operating Revenues and Seat-Kilometers (%)



Initiatives in the Fiscal Year Ending March 2009

For domestic routes, ANA will cut back routes connecting regional cities and increase the percentage of highly profitable Haneda routes. Simplifying aircraft operations will improve on-time performance. For discontinued routes, offering discounted fares for connections via major airports will capture demand.

Super Seat Premium was upgraded to *Premium Class* in April 2008. In the future, ANA will equip new narrow-body Boeing 737-700/800 aircraft with *Premium Class* seats. In addition, a substantial renewal of ANA Mileage Club services in April 2008 is aimed at attracting more high-yield passengers and improving service.

These initiatives will improve the profitability of domestic routes in an environment characterized by rising fuel costs, mature demand and intensifying competition.



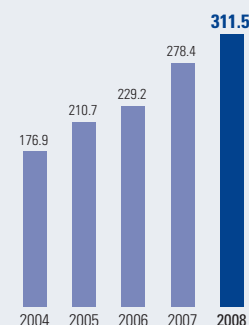
Premium Class

International Passenger Operations

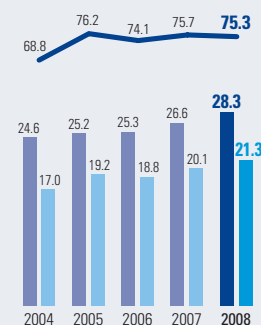
Highlights

Passenger revenues.....	¥311.5 billion (+11.9%)
Passenger numbers.....	4.8 million (+6.0%)
Available seat-kilometers	28.3 billion (+6.3%)
Unit revenues.....	¥11.0 (+¥0.5)
Yield	¥14.6 (+¥0.8)
Unit price	¥64,555 (+5.5%)

Operating Revenues
(¥ Billions)



Available Seat-km (ASK)
Revenue Passenger-km (RPK)
Load Factor
(km Billions / %)



Overview of the Fiscal Year Ended March 2008

Route Network Expansion in China and Asia, New Route to Mumbai

The favorable conditions of the previous fiscal year continued on international routes, with solid demand for business and inbound travel.

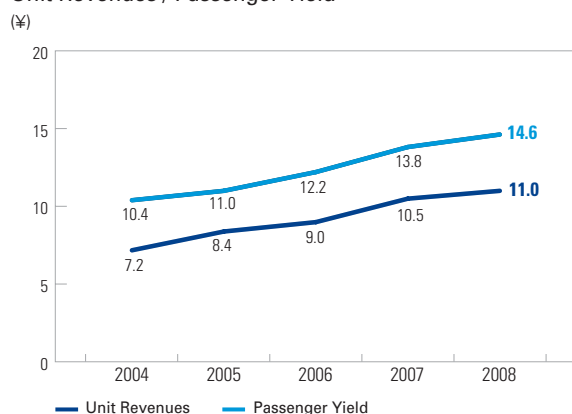
In response, ANA reinforced its route network in the growth markets of China and Asia. Twice-daily service began on the Narita–Guangzhou route in May 2007, the Haneda–Shanghai Hongqiao route opened in September 2007, and flights increased on the Narita–Ho Chi Minh City route from October 2007. ANA also worked to capture business demand in the rapidly growing Japan-India market. In

September 2007, all-business class *ANA BusinessJet* service began on the Narita–Mumbai route, using a Boeing 737-700ER.

Improving Number of Passengers and Unit Price by Matching Supply to Demand and Enhancing Service

To match supply to demand, ANA downsized from Boeing 767-300ER to Airbus A320-200 on the Chubu–Shanghai route from May 2007 and on the Narita–Xiamen route from June 2006. Furthermore, following its introduction on North American routes, ANA deployed the highly fuel-efficient Boeing 777-300ER on the Narita–London route in May 2007. Enhancing the *Premium Economy* service strengthened the competitiveness of ANA's U.S. and

Unit Revenues / Passenger Yield



ANA BusinessJet

Air Transportation

European routes in meeting business travel demand. This service has gained popularity for its comfort, as well as in-cabin and airport services. As a result, passengers increased 6.0% year on year to 4,827 thousand.

Passenger unit price increased 5.5% year on year because of increased business class sales, revision of IATA fares and fuel surcharges. Revenues also increased substantially year on year.

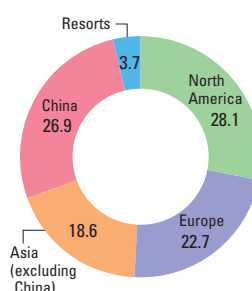
Initiatives in the Fiscal Year Ending March 2009

In April 2008, ANA began flights on the Haneda–Hong Kong route, and will continue working to enhance its network centered on robust routes in Asia and China.

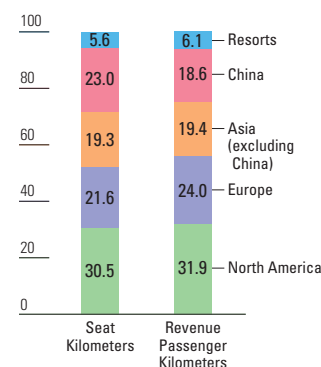
Liberalization of fares is ongoing, with the elimination of minimum IATA fares and the introduction of flex fares on Europe routes. ANA will be more flexible in setting fares, taking competitive conditions on each route into considera-

tion. Moreover, by conducting marketing tailored to passenger needs, ANA will strengthen products and services while increasing unit revenue.

Operating Revenues by Destination
(Fiscal year ended March 2008)
(%)



Seat Kilometers and Revenue Passenger Kilometers by Destination
(Fiscal year ended March 2008)
(%)



Route Expansion during the Fiscal Year Ended March 2008

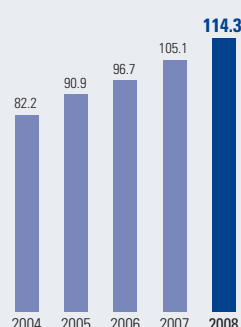


Cargo and Mail Operations

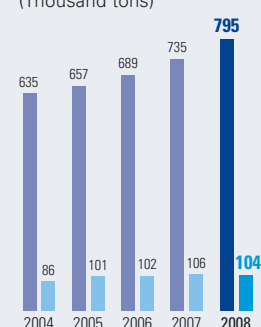
Highlights

Cargo and mail revenues	¥114.3 billion (+8.7%)
Cargo volume	795 thousand tons (+8.1%)
Cargo revenues	¥102.7 billion (+10.8%)
Mail volume	104 thousand tons (-2.2%)
Mail revenues	¥11.5 billion (-6.7%)

Operating Revenues
(¥ Billions)



■ Cargo Volume
■ Mail Volume
(Thousand tons)



Overview of the Fiscal Year Ended March 2008

Strengthening Transport Capabilities between North America and Asia Supports Strong International Cargo Revenue Growth

Although other companies entered the domestic cargo business, overall demand was firm. For international cargo, outbound shipments from Japan were weak overall. On Japan–China routes, new market entrants and increased flights by competitors led to challenging market conditions.

The start of consignment of some international cargo operations to U.S. company ABX Air, Inc. in May 2007 effectively expanded ANA's fleet of cargo freighters from four to six, thus enhancing its network, primarily on Asia and China routes. Moreover, from January 2008 ANA consolidated its freight operations within Kansai International Airport to improve connections and enhance system efficiencies. ANA moved aggressively to secure shipments from Asia and China through Japan to North America and Europe, and



shipments within Asia via Japan. Moreover, the volume of shipments of fresh products from North America and Europe increased. As a result, overall international cargo volume increased substantially year on year. Revenues also increased, despite rising fuel prices, as ANA set fuel

Cargo Revenues and Volume

		2008	2007	2006
Cargo revenues (¥ Millions)	Domestic	30,566	30,574	29,659
	International	72,192	62,195	55,380
	Total	102,758	92,769	85,039
Cargo volume (Tons)	Domestic	462,569	457,914	440,750
	International	332,507	277,571	248,735
	Total	795,076	735,485	689,485

Mail Revenues and Volume

		2008	2007	2006
Mail revenues (¥ Millions)	Domestic	7,973	8,936	8,586
	International	3,575	3,438	3,091
	Total	11,548	12,374	11,677
Mail volume (Tons)	Domestic	88,649	90,977	87,513
	International	15,330	15,389	14,252
	Total	103,979	106,366	101,765

Air Transportation

surcharges and took other measures to increase revenues.

In domestic cargo operations, initiatives included an alliance with Skynet Asia Airways Co., Ltd. and the consolidation of late-night cargo operations at Kansai International Airport. As a result, domestic cargo volume remained steady, but competition reduced unit price, causing revenues to decrease year on year.

North American Mail Service Contributes to International Mail Revenues

Shipments from North America were stable, while shipments from Japan to North America and Europe, and

from China to North America increased. These factors supported improved performance centered on high-unit-price routes. As a result, international mail revenues increased year on year even though volume decreased. In domestic mail operations, weaker demand caused volume shipped and unit price to decrease year on year.

Initiatives in the Fiscal Year Ending March 2009

ANA will steadily upgrade its infrastructure to introduce wide-body freighters, build a cargo hub in Okinawa and establish an express delivery service under the Mid-Term Corporate Strategy. In addition, ANA will strengthen competitiveness and build its cargo network by increasing the number of cargo freighters and initiating daily weekday flights* to Xiamen, Qingdao, and Taipei, increasing the number of early-morning and late-night flights, and improving the convenience of connections at airports. In the express shipping business, All Express Corporation was established in April 2008 and began sales of express products in July 2008, initially from Japan to Hong Kong and Shanghai. In addition, ANA is preparing to build a cargo hub in Okinawa.

* Five flights or more per week with either departure or arrival on a weekday, including code-sharing



Other Transportation Services

Highlights

Other transportation services revenues ¥136.2 billion (-2.1%)

ANA worked to increase revenues from in-flight sales as well as from aircraft maintenance and ground handling services provided to other airlines, such as passenger check-in and baggage handling. However, revenues decreased from the previous fiscal year, primarily due to a decrease in contract maintenance revenues from other companies, mainly for maintenance of Pratt & Whitney engines.



Travel Services

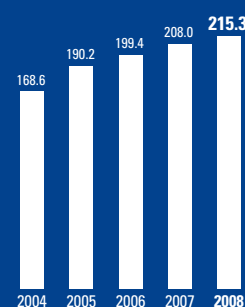
Highlights

Travel services revenues	¥215.3 billion (+3.5%)
Operating expenses	¥214.3 billion (+4.0%)
Operating income	¥1.0 billion (–44.1%)
ROA	2.1% (–1.7 percentage points)

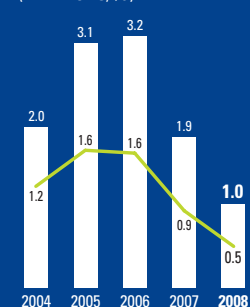
ROA = segment operating income /
[(segment assets at beginning of period + segment assets at end of period) / 2]

The travel services segment accounted for 12.6% of total operating revenues before eliminations.

Operating Revenues
(¥ Billions)



Operating Income/
Operating Income Margin
(¥ Billions/%)



Overview of the Fiscal Year Ended March 2008

Demand to Kyushu and Okinawa was strong and domestic travel revenues increased significantly year on year. On the other hand, overseas travel was affected by increased fuel surcharges and lower demand to China.

ANA began sales of the *Kando Annainin Plan*, a domestic travel product for individuals and *ANA Hangzhou-Xi Hu Fureai Walk* for overseas travel. The former won the Grand Prix in the domestic travel division at the Tour of the Year 2007 awards in Japan, while the latter won a special prize in the overseas travel division. Moreover, the number of users of Dynamic Package (*Tabi-Saku*), an Internet-based direct sales product, increased

substantially. As a result, revenues increased year on year. However, increasingly intense price competition and higher package prices due to rising fuel costs led to a year on year decrease in operating income.

Initiatives in the Fiscal Year Ending March 2009

ANA will broaden its product lineup to meet increasingly diverse customer needs, enhance its sales capabilities by expanding sales of Dynamic Package (*Tabi-Saku*), and raise the cost-efficiency of retail operations, with the objective of improving profitability.

Other Businesses



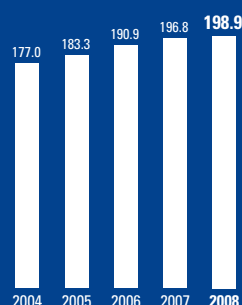
Highlights

Operating revenues	¥198.9 billion (+1.1%)
Operating expenses	¥193.7 billion (+1.3%)
Operating income	¥5.1 billion (-7.4%)
ROA	4.4% (-0.1 percentage points)

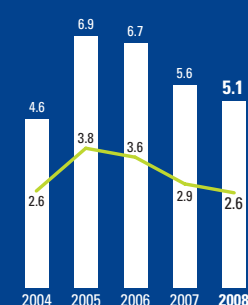
ROA = segment operating income /
[(segment assets at beginning of period + segment assets at end of period) / 2]

The other businesses segment accounted for 11.6% of total operating revenues before eliminations.

Operating Income
(¥ Billions)



Operating Income/
Operating Income Margin
(¥ Billions/%)



Overview of the Fiscal Year Ended March 2008

All Nippon Airways Trading Co., Ltd. conducts trading and retailing. In both aircraft-related and trading operations, business was favorable and revenues increased year on year.

Infini Travel Information Inc., which provides an international flight reservation and ticketing system to airlines and travel agencies, made good progress, mainly from market development of its *INFINI LINX* Internet reservations tool. However, slack demand for international travel caused revenues to decline year on year.

ANA Information Systems Planning Co., Ltd. principally provides information systems development,

maintenance, and operations services to ANA and other Group companies. Its Systems Development Division handles development of the *SKiP* service and provides support of the development of new systems. Although the Maintenance Division made new business contracts, overall revenues decreased year on year as price competition intensified.

Initiatives in the Fiscal Year Ending March 2009

The Other Businesses segment will provide the services necessary to implement the Mid-Term Corporate Strategy in the Air Transportation segment, while raising the overall strength of the ANA Group.

* Elimination of the Hotel Operations Business Segment

In line with its management strategy of increasing profitability by concentrating management resources on air transport operations, ANA transferred the shares and assets of its 14 hotel-related subsidiaries outside the ANA Group in June 2007. Accordingly, ANA no longer reports the Hotel Operations segment.