

FY09 Emergency Income Recovery Plan

- achieve corporate goals for current fiscal year despite unfavourable conditions –
- improve income by ¥30 billion –

TOKYO July 31, 2009 ANA has drawn up an Emergency Income Recovery Plan aimed at securing an additional ¥30 billion in revenue by the end of fiscal 2009 (ended March 31, 2010) and keeping ANA on track to achieve its performance goals for the year.

This will go hand in hand with measures currently underway to cut ¥73 billion off costs, which were outlined in the FY2009 Corporate Plan announced on April 30 this year.

Although some small signs of recovery in the Japanese economy are now evident, a full comeback remains elusive, on top of which H1N1 influenza has further suppressed demand for passenger travel since the end of April. Against this backdrop, the Emergency Income Recovery Plan contains new initiatives and calls for the fine-tuning of existing initiatives to swiftly secure the needed income improvements.

Measures and Expected Income

Measures	Income (¥bn)
1 Refine demand-supply matching through revisions to the network plan	8
2 Make additional reductions in personnel and other costs	17.5
3 Reduce general procurement costs	3.5
4 Introduce "Pay for Value" services*	1

* by reviewing current services and charging for value added services

Measures in Detail

1 Refine demand-supply matching through revisions to the network plan

Domestic and international passenger numbers came under enormous pressure in the first quarter of FY2009. Given that operating environment, ANA will suspend or reduce service where necessary, and change aircraft type to better match demand until immediately before departure, in order to improve passenger load factors. In the current fiscal year, ANA will also start service between Tokyo Haneda and Beijing Capital, and open its new cargo hub in Okinawa.

Details of changes to the network plan follow below and are given on a return flight basis.

International (subject to approval by the relevant bodies)

New

Route	Start	Present service	New Service	Remarks
Haneda-Beijing	Oct 25, 2009	None	767-300ER daily	Partial charter

Increased Frequency

Route	Start	Present service	New Service	Remarks
Narita-Mumbai	Oct 25, 2009	737-700ER 3/ week	737-700ER daily	Restored to former level

Reduced Frequency

Route	Start	Present service	New Service	Remarks
Narita-Shanghai	Oct 25, 2009	777-200ER 14/ week 767-300ER daily	777-200ER 14/ week	Flight 959/960

Aircraft type change

Route	Start	Present service	New Service	Remarks
Narita-Hong Kong	Oct 25, 2009	747-400 daily 767-300ER daily	777-200ER daily 767-300ER daily	Flight 909/910
Narita-Honolulu	Dec 25, 2009 – Jan 4, 2010	767-300ER daily	777-200ER daily	
Narita-Shanghai		777-200ER 14/ week	777-200ER daily 767-300ER daily	Flight 921/922

Domestic

Greater frequency

Route	Start	Present service	New Service
Nagoya-Okinawa	Nov 1, 2009	3/ day	4/ day

* Fukuoka-Ishigaki also planned (seasonal operation, period now under discussion)

Suspended/ Reduced Frequency

Route	Start	Present service	New Service	Remark
Oshima-Hachijojima	Oct 1, 2009	daily	---	
Kansai-Fukuoka	Nov 1, 2009	4/ day (prop)	2/ day (jet)	
Kansai-Matsuyama	Nov 1, 2009	2/day		
Kansai-Kochi	Nov 1, 2009	2/day		
Kansai-Kagoshima	Nov 1, 2009	daily		
Fukushima-Sapporo(Chitose)	Nov 1, 2009	2/day		Codeshare with Air Do
Toyama-Sapporo(Chitose)	Nov 1, 2009	daily		Codeshare with Air Do
Komatsu-Sapporo(Chitose)	Nov 1, 2009	daily		Codeshare with Air Do
Fukuoka-Sendai	Nov 1, 2009	2/ day	daily	Codeshare with Ibex
Kumamoto-Okinawa	Nov 1, 2009	daily		Codeshare with SkyNet Asia
Miyazaki-Okinawa	Nov 1, 2009	daily		Codeshare with SkyNet Asia

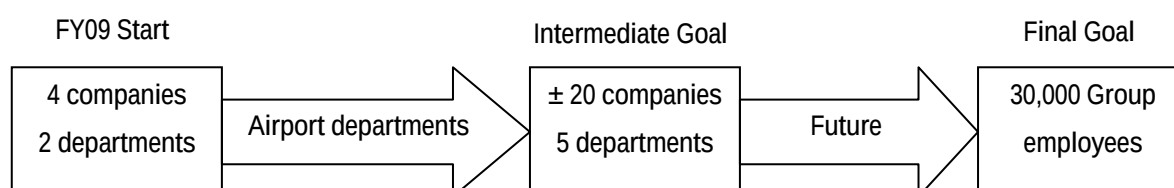
Cargo

- Postpone the introduction of a large freighter in view of demand trends (originally scheduled for FY2009)
- Operate flights with greater flexibility given the relaxation of the 'use it or lose it' rule for take off and landing slots.

2 Additional reductions in personnel and other costs

Expand unpaid leave

Unpaid leave, currently only available to certain departments and companies in ANA Group, will be rolled out across the entire Group to allow greater flexibility in the size and scope of ANA's operation, in line with the operating environment. Passenger Services and Ground Handling will be in the first wave of expansion.



Other cost control measures (non-personnel related)

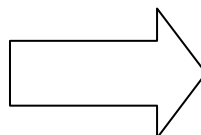
Costs related to sales, third party contracts and outsourcing costs will be reduced, in addition to the ¥73 billion emergency cost control programme already undertaken this year.

3 Reduce general procurement costs

General procurement costs, identified at approximately ¥220 billion per annum will be systematically reduced.

This is a continued commitment that will go beyond FY2009, aimed at trimming annual costs in increments of ¥10 billion, and forms part of ANA's mid-term corporate policy.

- Streamline procurement functions
- Strictly control the quality and volume of procured items
- Revise related operations
- Revise internal procedures relating to the implementation of the above



- reduce cost
- maintain new cost base

4 Introduce “Pay for Value” services

In order to improve customer satisfaction and keep pace with diversifying customer needs, ANA will review its current international and domestic service offerings and introduce a new service concept that provides value at an affordable price, based on actual feedback from customers.

ANA will offer for sale in domestic and international Economy Class certain items and services that were previously only available to domestic passengers in Premium Class, and to international passengers in Business Class. Services popular with ANA Mileage Club (AMC) Premium members will also be offered on a paid-for basis to a wider customer base, and brand new services created to cater to evolving customer needs and offer more choice will be introduced.

The selection of new paid-for services from October this year will include:

- Premium Class meals to domestic Economy Class passengers
- Business Class meals and drinks to international Economy Class passengers
- Access to domestic and international lounges for more customers
- ‘Onigiri’ rice-balls and/ or miso soup in domestic and international Economy Class (offered since July 1, 2009)

These are in addition to the complimentary items offered as part of the normal service in each class of travel. Services that are gradually being rendered redundant by changing customer tastes and developments in information technology will gradually be replaced or removed, commencing with suspension of toll free calls for domestic and international reservations. The provision of newspapers in domestic and international Economy Class will also be stopped.

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