

# All Nippon Airways Financial Results FY10 ended March 31, 2011

April 28, 2011



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- ◎ Thank you for taking the time to join us today for our financial briefing for the fiscal year ended March 2011.
- ◎ Before I begin going through the financial results, I would like to express my most sincere condolences to all of those affected by the earthquake in the northern coast of Japan, and their loved ones.
- ◎ Since the earthquake, ANA Group has been furthering its social mission as a public transit provider by continually striving to maintain maximum safety in air transportation.
- ◎ In addition to cooperating by transporting relief supplies and relief and medical support personnel to the affected areas free of charge for one month after the earthquake, we also operated non-scheduled flights to and from Fukushima, Yamagata and Sendai airports.
- ◎ By providing air transportation services, we will continue cooperating as much as we can to help the affected areas to recover as quickly as possible.
- ◎ And now, I will provide a financial summary for fiscal 2010, and describe our current response to the FY2011 Corporate Plan.

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## I . FY10 Financial Results and FY11 Outlook



## Financial Summary for FY10

### Full year results for the fiscal year ended Mar 31, 2011

(¥ billion)	FY10	Difference vs. FY09	Difference vs. forecast as of 29 Oct
<b>Operating revenues</b>	<b>1,357.6</b>	<b>+ 129.3</b>	<b>- 19.3</b>
Air Transportation Business	1,218.2	+ 129.6	- 17.7
<b>Operating Income</b>	<b>67.8</b>	<b>+ 122.0</b>	<b>- 2.1</b>
Air Transportation Business	60.5	+ 118.4	- 3.9
<b>Recurring Income</b>	<b>37.0</b>	<b>+ 123.3</b>	<b>+ 0.0</b>
<b>Net Income</b>	<b>23.3</b>	<b>+ 80.6</b>	<b>+ 17.3</b>
<b>Dividends (per share)</b>	<b>¥2</b>	<b>+ ¥2</b>	<b>+ ¥1</b>

《Managerial issues at the beginning of FY2010》

- ✓ Implementing cost restructuring
- ✓ Net income swinging into profit
- ✓ Dividends resuming

《Business environment》

- ✓ Recovery in demand
- ✓ Expanded capacity at Haneda & Narita
- ✓ Intensifying competition
- ✓ Progress of our major competitor's restructuring program

**FY2010**

- Capturing even stronger demand while balancing supply between the newly opened international routes at Haneda and Narita.
- Responding to structural changes in the domestic passenger market and establishing an overwhelming edge over the competition.
- 86 billion yen in cost reductions achieved as planned.

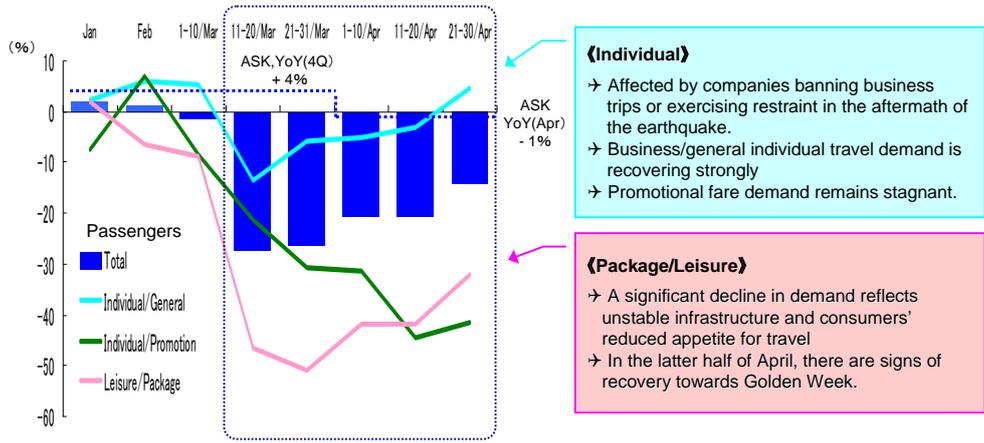
**Demand fell suddenly and sharply at fiscal year end due to the Earthquake in Northern Coast of Japan; but earnings have recovered significantly and dividends resumed at higher than initially planned levels.**

- ◎ In fiscal 2010, we steadily tackled the managerial issues that were identified at the beginning of the fiscal year and responded flexibly to changes in the business environment.
- ◎ Consequently, as you can see, we managed to bring about a steady recovery in earnings.
- ◎ Although we suffered an unexpected fall in demand and revenues at the end of fiscal 2010 due to the effects of the earthquake, we managed to swing into profit and resume dividends, which were our key management priorities, at higher levels than initially planned.
- ◎ As announced in timely disclosure on April 27<sup>th</sup>, which was made in accordance with TSE regulations, we recorded a net income of 23.3 billion yen and will issue a dividend of 2 yen per share.

## Recent Demand Trends

### Domestic passengers

- **Recent demand trends:** the demand slump in the aftermath of the earthquake has abated, and demand is recovering gradually, mainly for individual travel.
- **Forecast for April results (%=YoY):** ASK: -1% (achieved -9% of initial plan), Passengers: -20%



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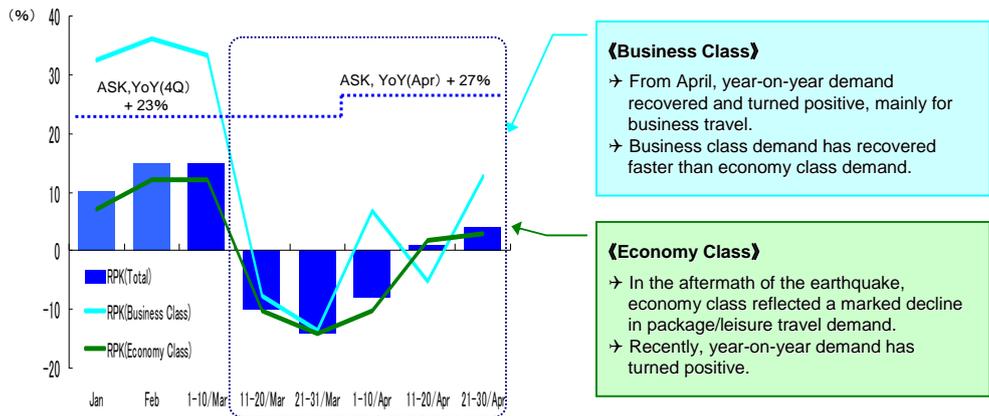
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- ◎ Next, I will touch on recent demand trends since the earthquake.
- ◎ This page shows results for March and April in ten-day intervals, compared to the same period of days in the prior year.
- ◎ Immediately after the earthquake, domestic passenger numbers slumped heavily by over 20% compared to the same period in the prior fiscal year. Nevertheless, numbers stopped falling in early April, and we can see signs of a gradual recovery.
- ◎ At one point, demand for package/leisure travel slumped to half the number of passengers in the prior year; however, the slump in individual passengers was less sharp comparatively and demand in this segment is now beginning to recover.
- ◎ As the power supply situation in the Tokyo metropolitan area becomes more stable and economic activities normalize, I anticipate that consumer confidence will gradually improve and passenger traffic will return to normal.

## Recent Demand Trends

### International Passengers

- **Recent demand trends:** demand for leisure tours departing from Japan and the number of visitors traveling to Japan declined significantly; however a gradual recovery has been underway, mainly for business travel, since April.
- **Forecast for April results (%=YoY):** ASK: +27% (achieved -1% of initial plan), RPK: -1%, Passengers: -4%



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- ◎ The next thing I will discuss today is the situation surrounding international passenger traffic.
- ◎ In the aftermath of the earthquake, international passenger traffic slumped by slightly under 20% on a revenue passenger km basis compared to the prior fiscal year, mainly due to a fall in demand for leisure tours departing from Japan and the number of visitors traveling to Japan. Nevertheless, ever since mid-April, results have outperformed the levels of the same period in the prior fiscal year.
- ◎ Demand for business class, mainly business travel passengers, has recovered particularly quickly compared to economy class, and the results for April are expected to outperform last year's levels.
- ◎ Although not shown in the chart, RTK of domestic cargo is increasing because air transportation is making up for distribution by land, which was adversely affected by the earthquake.
- ◎ Despite the lackluster performance of international cargo exports bound for China and other Asian countries due to the slump in domestic production of electronic components and other key exports, the impact on overseas air cargo traffic has been minimal, and freight demand is firm.
- ◎ We are also exploiting the benefits of air cargo to steadily meet the demand for alternative, express delivery of exports of automobile-related components and imports of daily life necessities.

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## Response to the FY11 Corporate Plan

ANA 2011-12 Corporate Plan (announced February 24, 2011)

The Earthquake  
in Northern Coast of Japan

FY11  
Corporate  
Plan

➤ **How we are responding to the ANA 2011-12 Corporate Plan**  
⇒ **we will adhere to our core strategy**

- Early implementation of further measures for enhancing productivity and improving business efficiency

➤ **Revision of the single year profit plan**  
⇒ **responding to the fall in demand with various measures**

- Urgently regulating supply/demand based on recent demand trends and our competitors' air transportation status (Due to reduced/suspended flights, we will strive to procure narrow-body aircraft and reduce B4 for domestic and B7 for international operations)
- Corporate Plan revised for 1H/2H after reviewing the period of time stagnant demand will affect us

ASK (Apr-Jun,2011)	vs. FY10	vs. Org. Plan
Domestic Passenger	-6 ~ -1%	-11 ~ -9%
International Passenger	+23 ~ +27%	-2 ~ -1%

**《Emergency Plan》  
30 billion yen**

- ✓ Variable expenses reduced under the revised Corporate Plan (Fuel, tax and landing fees, other)
- ✓ Budgets cut in the whole company (in an effort to build on the 86 billion yen in cost reductions achieved for the prior year)
- ✓ Productivity-enhancing measures

**《Direction of the FY2011 Corporate Plan》**  
The Group will work together as one to achieve global airline standards  
Seeking to enhance profits, overcome challenging times  
and also contribute to Japan's recovery.

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◎ Although the fiscal 2011 income targets set forth in the recently announced ANA 2011-12 Corporate Plan will need to be revised within a certain range, we have no intention of changing the key core points of our strategy.

◎ We will strive to implement measures aimed at further enhancing productivity and improving business efficiency earlier than planned, in order to realize positive outcomes as quickly as possible.

◎ As an emergency response, we will urgently adjust the supply-demand balance based on the current demand environment. Planned ASK for the first quarter is as per the slide.

◎ From the perspective of utilizing all means at our disposal, we will execute the "Emergency Measures," which includes initiatives for cutting operation-linked expenses by revising the network plan, striving as a Group to further reduce expenses and enhancing productivity. By doing so, we will immediately reduce operating expenses by 30 billion yen.

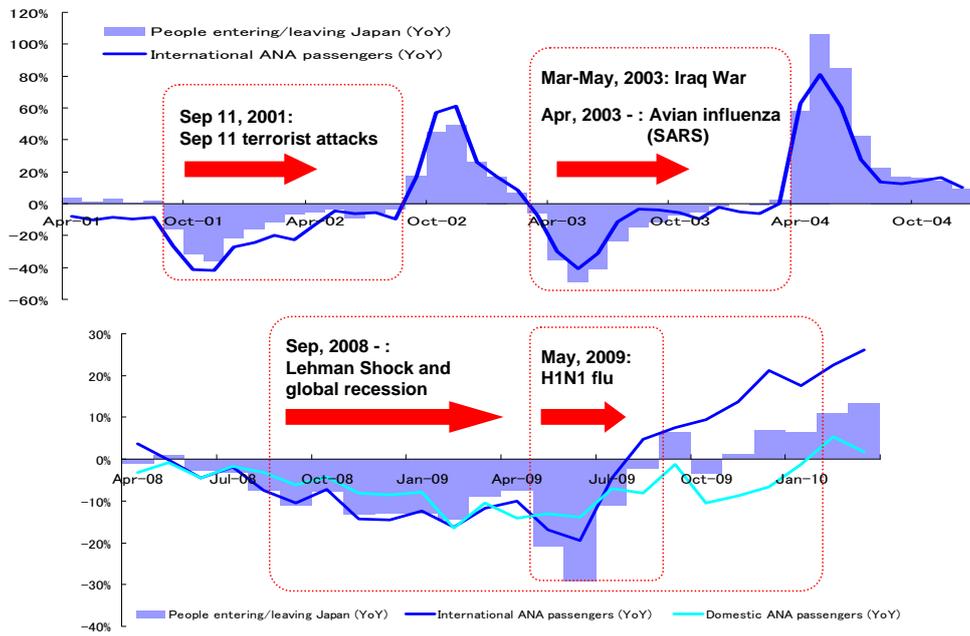
◎ In reviewing whether or not further measures are required, the main issue we face is "how long it will take for demand to recover." In order to address this issue, I must accurately assess the factors behind changes in the external environment, such as the timing of when domestic economic activities will return to normal and when the problem at the Fukushima Nuclear Power Plant will be resolved.

◎ Due to these circumstances, I would like to take a little more time to estimate the effects of decreased revenue and revise the overall profit plan, which includes measures for addressing this issue.

◎ Therefore, I unfortunately have to defer the announcement about our earnings forecast and projected dividends for fiscal 2011 at this stage.

◎ Although we are in the midst of a harsh business environment, I will lead management so that we can further strengthen the business structure of the Company by overcoming these difficult situations as a Group and continue to face the challenge of becoming a global airline.

**[Ref] Demand Trends in the Past Event**



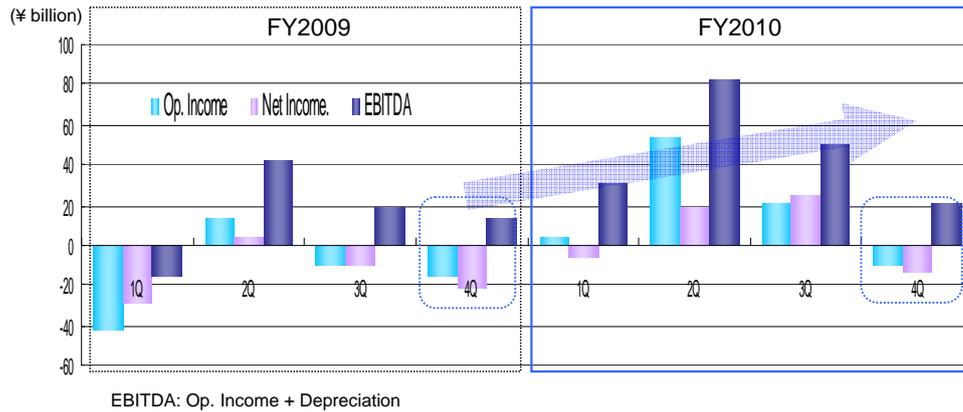
## II . FY2010 Financial Results 《Details》



## Highlights FY10

### Highlights of Financial Results for FY10 and FY09 (by quarter)

- Consolidated cumulative operating income came to 67.8 billion yen (improved by 122.0 billion yen, year-on-year)
- Net income and EBITDA came to 23.3 billion yen (improved by 80.6 billion yen, YoY) and 186.2 billion yen (improved by 126.6 billion yen, =YoY), respectively.
- A complete profit recovery through steadily improving revenues based on rebounding demand and cost restructuring.



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- ◎I will now go over the details of the financial results for fiscal 2010.
- ◎These are quarter-by-quarter financial trends for fiscal 2009 and 2010.
- ◎As you can see, quarter-to-quarter financial results have recovered strongly.
- ◎During the fourth quarter, a slump in income was exacerbated by the unforeseen effects of the earthquake as well as seasonality, which we expected; however, in terms of full-year results, operating income and recurring income roughly approximated the forecast figures that I explained at the close of the second quarter.

## Consolidated Financial Summary

## Income Statements

	FY09	FY10	Difference	4Q/FY10	Difference
Operating Revenues	1,228.3	1,357.6	+ 129.3	318.5	+ 13.9
Operating Expenses	1,282.6	1,289.8	+ 7.2	328.4	+ 7.3
Operating Income	- 54.2	67.8	+ 122.0	- 9.8	+ 6.5
Op. Margin (%)	-	5.0	-	-	-
Non-Op. Gains/Losses	- 32.0	- 30.7	+ 1.2	- 11.4	+ 0.8
Recurring Income	- 86.3	37.0	+ 123.3	- 21.3	+ 7.3
Extraordinary Gains/Losses	- 9.2	- 1.9	+ 7.3	- 4.5	+ 4.3
Net Income	- 57.3	23.3	+ 80.6	- 14.2	+ 7.9
Net Income Before Minority Interests	-	23.0	-	-	-
Other Comprehensive Income	-	15.3	-	-	-
Comprehensive Income	-	38.3	-	-	-

(¥ billion)

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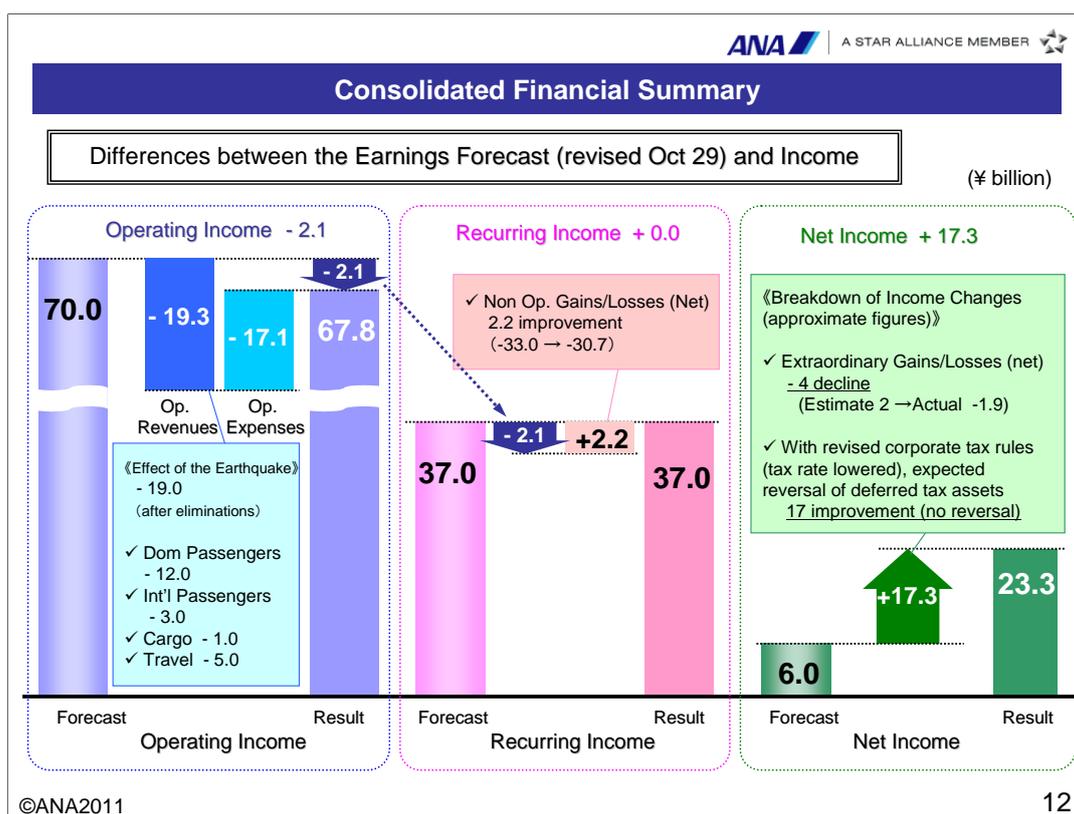
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◎Here, I will provide an overview of our operating results.

◎Cumulative operating revenues for the fiscal year amounted to 1.3576 trillion yen, representing a year on year increase of 129.3 billion yen.

◎As we have managed to halt an increase in operating expenses at 7.2 billion yen, revenues grew substantially to boost profit and improve operating income by 122 billion yen year on year, to 67.8 billion yen.

◎Net income amounted to 23.3 billion yen, representing a year-on-year improvement of approximately 80 billion yen.



◎I will now explain the difference between our financial results for fiscal 2010 and the full-year earnings forecast, which I announced at the close of the second quarter.

◎On a consolidated basis, operating revenues declined by 19.3 billion yen compared to the forecast; and as you can see, the effects of the earthquake have been estimated at approximately 19 billion yen.

◎On the other hand, as we were able to cut operating expenses beyond planned levels, we managed to halt the downward trend in operating income at 2.1 billion yen.

◎Furthermore, if the effective tax rate had been reduced as a result of the corporate tax revisions discussed by the Diet in the prior fiscal year, it was possible that deferred tax assets subject to the reduced tax rate would be reversed.

◎This consideration was incorporated into the earnings forecast. Although we had expected a reversal of approximately 17 billion yen, the corporate tax revision was ultimately shelved, and this factor caused net income to increase.

## Consolidated Financial Summary

## Consolidated Financial Position

	Mar 31, 2010	Mar 31, 2011	Difference
Assets	1,859.0	1,928.0	+ 68.9
Shareholders' Equity	473.5	520.2	+ 46.7
Ratio of Shareholders' Equity (%)	25.5	27.0	+ 1.5pts
Interest Bearing Debts	941.6	938.8	- 2.8
Debt/Equity Ratio (times)	2.0	1.8	- 0.2pts

(¥ billion)

\*D/E ratio when including off-balanced lease obligation of ¥170.2 billion (¥183.5 billion as of the end of March, 2010) is 2.1 times (2.4 times as of the end of March, 2010)

- ◎This page shows our financial status.
- ◎Total assets increased 68.9 billion yen compared to March 31, 2010, amounting to 1.928 trillion yen.
- ◎Of that increase, approximately 17 billion yen represented short-term liquidity, which consists of cash on hand and in banks and marketable securities, while aircraft-related assets, including construction in progress, increased by approximately 38 billion yen.
- ◎The unused tax losses carried forward were also reduced as we swung into profit, pushing down deferred tax assets by 17.5 billion yen.
- ◎Net assets increased by 46.2 billion yen.
- ◎Retained earnings increased by approximately 30 billion yen and we recorded an improvement of approximately 18 billion yen on deferred loss on hedging instruments compared to March 31, 2010, as a result of 5 billion yen of unrealized gains as of March 31, 2011.
- ◎Shareholders' equity and the shareholders' equity ratio amounted to 520.2 billion yen and 27.0%, respectively.
- ◎Interest-bearing debt was reduced by 2.8 billion yen compared to March 31, 2010, and the debt/equity ratio was 1.8 times.

## Consolidated Financial Summary

## Consolidated Statements of Cash Flow

	FY09	FY10	Difference
Cash Flow from Operating Activities	82.9	203.8	+ 120.8
Cash Flow from Investing Activities	- 251.8	-139.6	+ 112.2
Cash Flow from Financing Activities	173.7	- 10.5	- 184.3
Net Increase or Decrease	4.7	53.4	+ 48.6
Cash and Cash Equivalent at the beginning	143.4	148.1	+ 53.4
Cash and Cash Equivalent at the end	148.1	201.6	
Depreciation and Amortization	113.8	118.4	+ 4.6
Capital Expenditures	209.9	211.6	+ 1.7
EBITDA (Op. Income + Depreciation)	59.5	186.2	+ 126.6
EBITDA Margin(%)	4.8	13.7	+ 8.9

(¥ billion)

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◎I will now discuss our cash flows.

◎As operating income recovered, cash flows from operating activities amounted to a net inflow of 203.8 billion yen.

◎Despite capital expenditures amounting to 211.6 billion yen, cash flows from investing activities amounted to a net outlay of 139.6 billion yen due largely to the sale and lease back of aircraft and the reversal of negotiable certificates of deposits.

◎Cash flows from financing activities amounted to a net outlay of 10.5 billion yen.

◎Based on the preceding, the balance of cash and cash equivalents at the end of this fiscal year increased by 53.4 billion yen compared to the end of March, 2010, reaching 201.6 billion yen.

**Consolidated Financial Summary**

**Results by Segment**

		FY09	FY10	Difference	4Q/FY10	Difference
Revenues	Air Transportation	1,088.6	1,218.2	+ 129.6	287.5	+ 15.4
	Travel Services	166.9	159.3	- 7.5	34.4	- 5.5
	Total for Reporting Segments	1,255.6	1,377.6	+ 122.0	322.0	+ 9.9
	Other	137.4	138.9	+ 1.4	34.5	+ 0.4
	Adjustment	- 164.7	- 158.9	+ 5.7	- 38.0	+ 3.5
	Total (Consolidated)	1,228.3	1,357.6	+ 129.3	318.5	+ 13.9
Operating Income	Air Transportation	- 57.9	60.5	+ 118.4	- 9.7	+ 8.0
	Travel Services	- 0.0	2.6	+ 2.6	- 0.6	- 0.8
	Total for Reporting Segments	- 57.9	63.1	+ 121.1	- 10.3	+ 7.2
	Other	3.3	4.8	+ 1.4	0.8	- 0.1
	Adjustment	0.4	- 0.1	- 0.5	- 0.3	- 0.5
	Total (Consolidated)	- 54.2	67.8	+ 122.0	- 9.8	+ 6.5

(¥ billion)

Note: the segment categories of some Group companies change when disclosing segment information in line with the management approach.

- ◎ These are our results by segment.
- ◎ I will go into greater detail regarding our air transportation business later in this presentation.
- ◎ Although revenues from travel services declined compared to the prior year, the segment recorded a year-on-year profit increase largely as a result of strengthening cost management and the revision of purchase costs.

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## Air Transportation Business

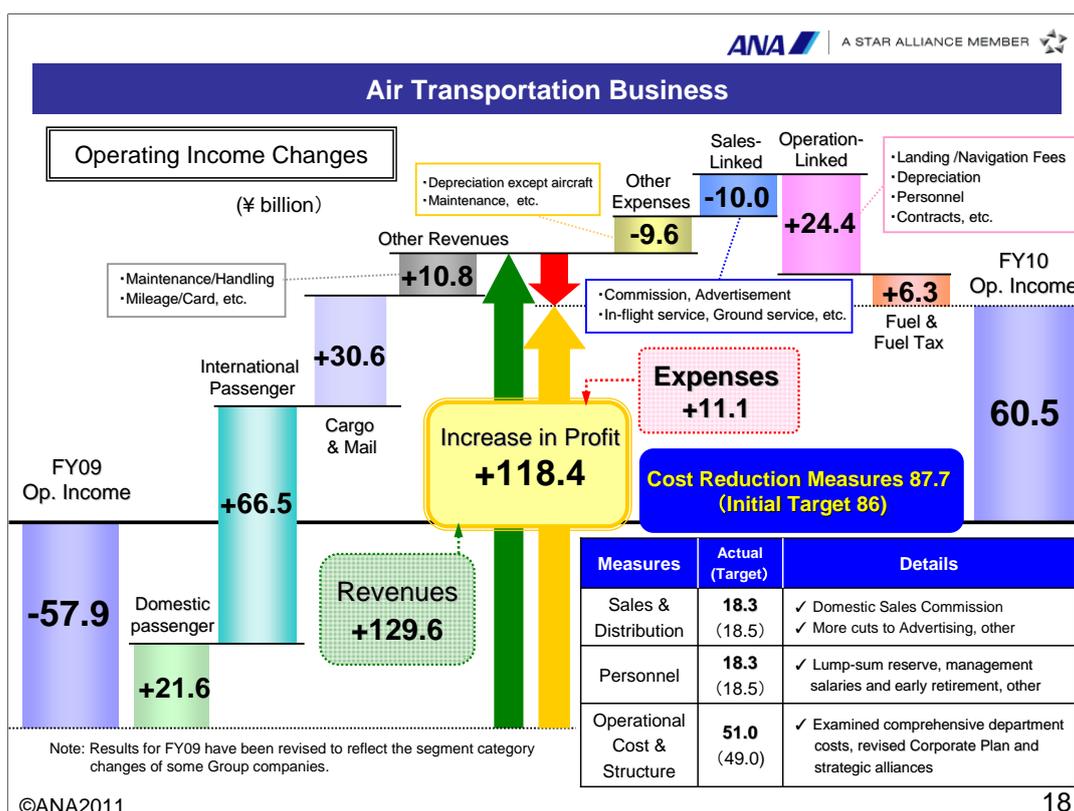
Operating Revenues and Expenses		FY09	FY10	Difference	4Q/FY10	Difference
Operating Revenues	Domestic Passengers	630.9	652.6	+ 21.6	149.5	- 0.8
	International Passengers	214.1	280.6	+ 66.5	65.6	+ 8.0
	Cargo and Mail	94.3	125.0	+ 30.6	30.4	+ 4.6
	Others	149.1	159.9	+ 10.8	41.8	+ 3.5
	<b>Total</b>	<b>1,088.6</b>	<b>1,218.2</b>	<b>+ 129.6</b>	<b>287.5</b>	<b>+ 15.4</b>
Operating Expenses	Fuel and Fuel Tax	249.9	256.2	+ 6.3	64.4	+ 3.3
	Landing and Navigation Fees	92.4	93.8	+ 1.3	23.4	+ 1.3
	Aircraft Leasing Fees	60.3	63.9	+ 3.5	15.6	- 0.0
	Depreciation and Amortization	111.3	116.2	+ 4.9	30.2	+ 1.2
	Aircraft Maintenance	56.2	46.2	- 9.9	13.4	- 1.2
	Personnel	229.7	243.3	+ 13.5	63.6	+ 6.5
	Sales Commission and Promotion	76.5	67.0	- 9.4	16.6	- 3.6
	Contracts	81.5	83.8	+ 2.2	21.3	- 0.6
	Others	188.3	186.8	- 1.5	48.4	+ 0.4
<b>Total</b>	<b>1,146.6</b>	<b>1,157.7</b>	<b>+ 11.1</b>	<b>297.2</b>	<b>+ 7.4</b>	
Op. Income	<b>Operating Income</b>	<b>- 57.9</b>	<b>60.5</b>	<b>+ 118.4</b>	<b>- 9.7</b>	<b>+ 8.0</b>

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Note: Results for FY09 have been revised to reflect the segment category changes of some Group companies.

(¥ billion)

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- ◎The most important issue facing the air transportation business in fiscal 2010 was how to grow revenues by increasing ASK, mainly in international routes, in response to the expanded capacity of the airports in the Tokyo Metropolitan area.
- ◎International passenger revenues grew by 66.5 billion yen year on year, amounting to slightly over 50% of revenue growth overall.
- ◎We managed to bring about a steady recovery in domestic passengers and international cargo, which buoyed revenues for the entire air transportation business segment by 129.6 billion yen year on year.
- ◎Fuel consumption increased as the scope of our business has expanded, and operation-linked expenses, including aircraft-related expenses, also increased year on year. This is reflected in our operating expenses.
- ◎We were able to reduce personnel expenses in line with our restructuring plan. However, personnel expenses as a whole increased year on year due to the allocation of a year-end lump-sum reserve related to profit performance.
- ◎Overall, the total 86 billion yen in cost restructuring initiatives achieved in fiscal 2010 yielded substantial results, enabling us to halt the increasing trend in total operating expenses at 11.1 billion yen.
- ◎Consequently, operating income improved by 118.4 billion yen year on year, and we realized 60.5 billion yen in operating income.

**Air Transportation Business**

**Domestic Passenger Operations**

	FY09	FY10	% Y/Y	4Q/FY10	% Y/Y
Passengers (thousands)	39,894	40,574	+ 1.7	9,021	- 7.0
Available Seat Km (million)	57,104	56,796	- 0.5	14,007	+ 3.6
Revenue Passenger Km (million)	35,397	35,983	+ 1.7	8,033	- 7.0
Load Factor (%)	62.0	63.4	+ 1.4pts	57.4	- 6.6pts
Passenger Revenues (¥ billion)	630.9	652.6	+ 3.4	149.5	- 0.6
Unit Revenue (¥/ASK)	11.0	11.5	+ 4.0	10.7	- 4.1
Yield (¥/RPK)	17.8	18.1	+ 1.7	18.6	+ 6.9
Unit Price (¥/Passenger)	15,816	16,084	+ 1.7	16,581	+ 7.0

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## Air Transportation Business

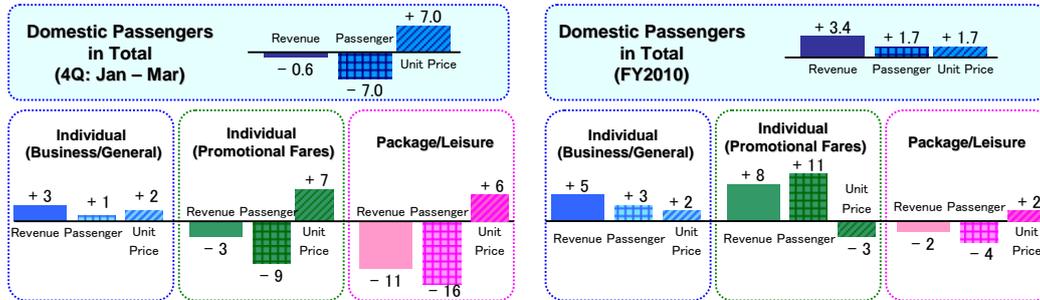
### Trends in Domestic Passenger Operations

#### 4Q Revenue / No. of Passengers / Unit Price by Segment

#### FY2010 Cumulative Revenue Change Factors

✓ Promotional and package/leisure down due to the earthquake

✓ Strong individual passenger numbers and unit prices contributed to significant revenue increases



(% YY; figures by segment include non-revenue passengers)

#### Quarterly Key Topics:

- Jan 24 Release: Increased code share operations with IBEX Airlines (From Jul 1)  
Chubu = Sendai (2 round-trip flights/day), Chubu = Oita (2 round-trip flights/day)
- Feb 28 Release: ANA mileage program domestic flight awards able to be redeemed for a one-way trip (From Apr 1)
- From Mar 1: Revamping Premium Class in-flight meal series "Takumi"

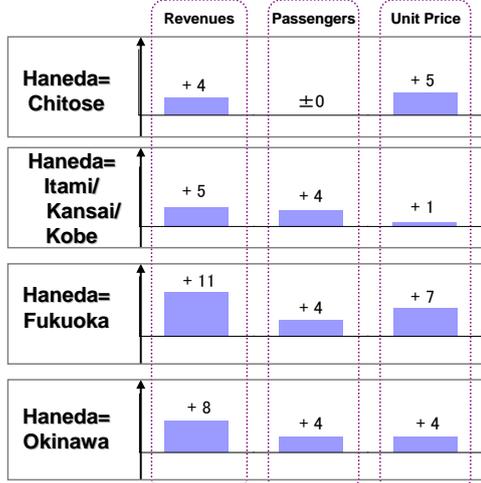
- We will now look at trends in our domestic passenger operations.
- This is a year-on-year comparison of revenues, number of passengers and unit prices by passenger segment.
- The recovery in domestic passenger revenue was probably linked to the fact that demand and unit prices for business/general individual travel were firm throughout the year.
- In particular, we seized the opportunity of changes in the domestic passenger market supply-demand structure during the second half when our main competitor significantly cut ASK, and successfully responded with flexible measures, including the utilization of wide-body aircraft and raising business fares.

## Air Transportation Business

### Trends in Domestic Passenger Operations

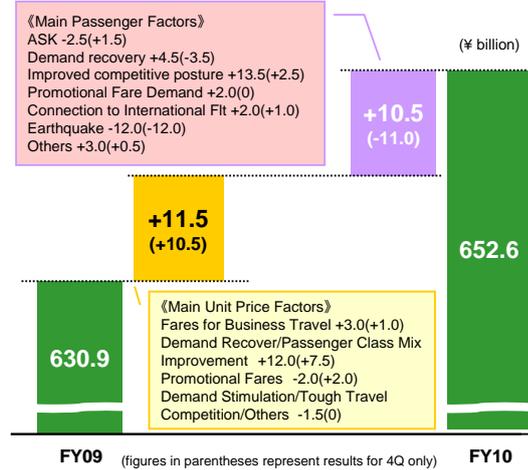
#### Main line Results (Y/Y, Oct - Feb)

✓ Major routes performing strongly despite the changing supply-demand structure



#### FY2010 Cumulative Revenue Change Factors

✓ Demand and unit prices recovering steadily; but passenger numbers are down due to the earthquake



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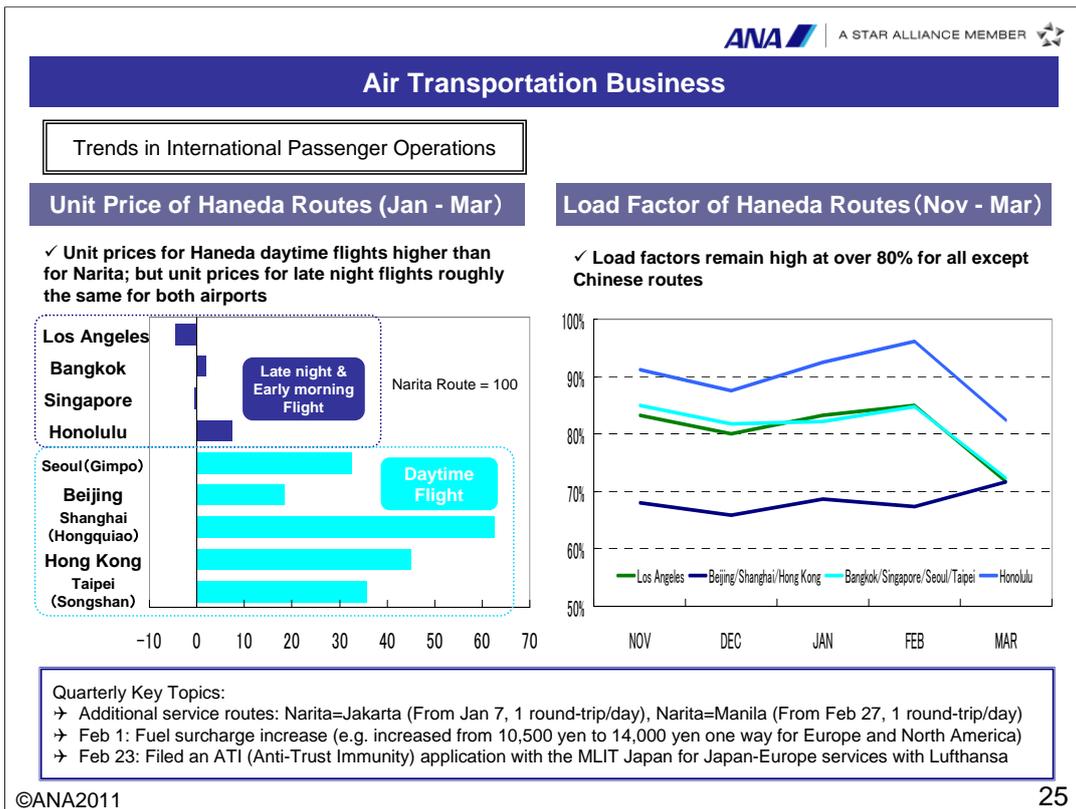
- ◎ The chart on the left shows results for our main domestic routes from October to February.
- ◎ Increased unit prices for the Haneda-Chitose route and unit prices and passenger numbers for the Haneda-Fukuoka route enabled us to establish an edge over the competition in the domestic market.
- ◎ The chart on the right shows an analysis of factors behind the 22 billion yen revenue increases, cumulative through fiscal 2010.
- ◎ The figures in parentheses in the chart represent results for the fourth quarter only.
- ◎ In terms of unit price factors, the effects of passenger class mix improvements and raising fares during the fourth quarter helped revenue growth in fiscal 2010.
- ◎ In terms of passenger factors, although revenues increased throughout fiscal 2010 due to a recovery in demand and our improved competitive posture with respect to our main competitor, the effects of the earthquake during the fourth quarter were a revenue reducing factor.

**Air Transportation Business**

**International Passenger Operations**

	FY09	FY10	% Y/Y	4Q/FY10	% Y/Y
Passengers (thousands)	4,666	5,168	+ 10.8	1,261	+ 0.5
Available Seat Km (million)	26,723	29,768	+ 11.4	8,080	+ 22.6
Revenue Passenger Km (million)	20,220	22,430	+ 10.9	5,546	+ 6.6
Load Factor (%)	75.7	75.3	- 0.3pts	68.6	- 10.3pts
Passenger Revenues (¥ billion)	214.1	280.6	+ 31.1	65.6	+ 14.0
Unit Revenue (¥/ASK)	8.0	9.4	+ 17.7	8.1	- 7.0
Yield (¥/RPK)	10.6	12.5	+ 18.2	11.8	+ 7.0
Unit Price (¥/Passenger)	45,883	54,296	+ 18.3	52,009	+ 13.4

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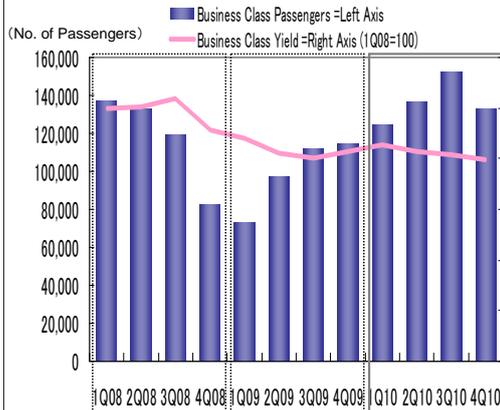
- ◎Turning now to international passenger operations, I will now provide the results for new international routes out of Haneda.
- ◎As you can see in the graph on the left, flights at Haneda constitute a comparatively higher share of business demand than flights at Narita for the same destinations, and we have managed to secure a high average unit price for Haneda flights.
- ◎This marked edge in unit prices for Haneda routes is particularly evident if Haneda daytime flights are compared with their same-time Narita counterparts.
- ◎In terms of time slots, we managed to maintain roughly the same average unit price for over-night flights from Haneda, which were considered less convenient, as for Narita flights.
- ◎The graph on the right shows Haneda route load factors by destination.
- ◎Load factors for all routes have remained continually high at approximately 80%, except for Beijing routes which have performed poorly since the Senkaku Islands dispute, and excluding March, when Japan suffered the earthquake.

## Air Transportation Business

### Trends in International Passenger Operations

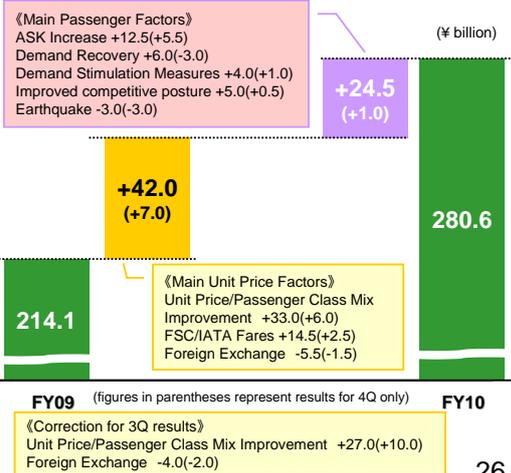
#### No. of Business Class Passengers/Yield by Quarter

✓ Business class passenger numbers recovering strongly



#### FY2010 Cumulative Revenue Change Factors

✓ Revenues boosted substantially by the synergistic effects of ASK increase, demand increase and unit price improvements



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- ◎ The graph on the left shows trends in business class passengers for all routes over the past three years.
- ◎ During the fourth quarter, business class passenger numbers slumped somewhat due to the effects of the earthquake; however, business demand recovered strongly throughout fiscal 2010, making a significant contribution to the improvement in unit prices.
- ◎ I think you will appreciate this point better if you take a look at the chart on the right with an analysis of factors behind the 66.5 billion yen in revenue increases, cumulative through this fiscal year, which shows that the effects of increased unit prices and passenger class mix improvements as a unit price factor amounted to over 30 billion yen.
- ◎ Similarly, in terms of passenger factors, the increase in ASK, the recovery in demand and demand stimulation measures all caused revenues to increase, as we reaped the benefits of seizing the business opportunities presented by expanded capacity of the airports in the Tokyo Metropolitan area.

**Air Transportation Business**

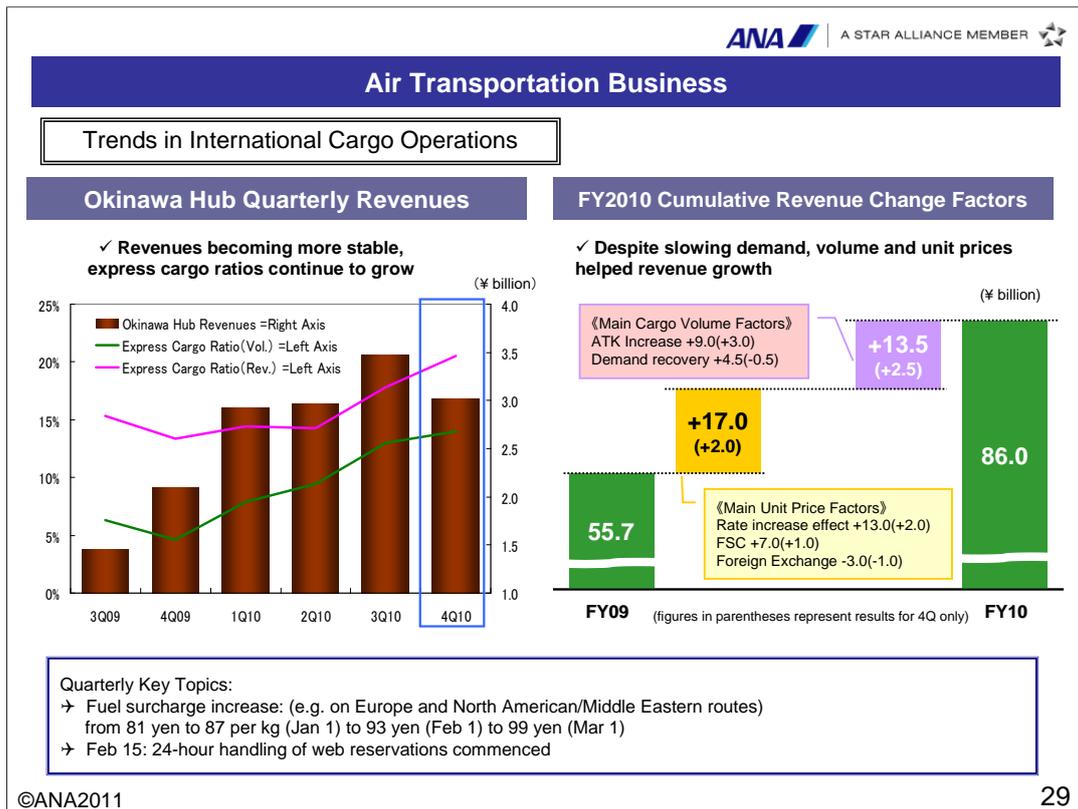
**Cargo Operations (Domestic)**

		FY09	FY10	% Y/Y	4Q/FY10	% Y/Y
Domestic Cargo	Cargo Revenues (¥ billion)	31.8	32.4	+ 1.8	7.8	+ 5.3
	Available Ton Km (million)	1,893	1,861	- 1.7	454	+ 2.1
	Revenue Ton Km (million)	453	450	- 0.7	106	+ 1.6
	Revenue Ton (thousand tons)	458	453	- 1.1	107	+ 1.5
	Load Factor (%)	24.0	24.2	+ 0.2pts	23.4	- 0.1pts
	Unit Revenue (¥/ATK)	16.8	17.4	+ 3.6	17.2	+ 3.2
	Unit Price (¥/kg)	69	71	+ 3.0	73	+ 3.8
Domestic Freighter 【Included above】	Cargo Revenues (¥ billion)	1.7	1.6	- 7.3	0.3	- 6.8
	Available Ton Km (million)	42	36	- 15.0	8	- 15.8
	Revenue Ton Km (million)	12	12	- 2.2	3	+ 4.0
	Revenue Ton (thousand tons)	12	11	- 5.4	2	+ 3.4
	Load Factor (%)	29.8	34.3	+ 4.5pts	39.3	+ 7.5pts
	Unit Revenue (¥/ATK)	41.2	44.9	+ 9.1	48.8	+ 10.7
	Unit Price (¥/kg)	140	137	- 2.0	135	- 9.8

**Air Transportation Business**

**Cargo Operations (International)**

		FY09	FY10	% Y/Y	4Q/FY10	% Y/Y
International Cargo	Cargo Revenues (¥ billion)	55.7	86.0	+ 54.4	21.0	+ 25.7
	Available Ton Km (million)	2,687	3,059	+ 13.8	796	+ 17.5
	Revenue Ton Km (million)	1,717	2,069	+ 20.5	509	+ 13.3
	Revenue Ton (thousand tons)	422	557	+ 32.0	132	+ 11.1
	Load Factor (%)	63.9	67.6	+ 3.8pts	64.0	- 2.4pts
	Unit Revenue (¥/ATK)	20.7	28.1	+ 35.6	26.4	+ 6.9
	Unit Price (¥/kg)	132	154	+ 17.0	159	+ 13.2
International Freighter 【Included above】	Cargo Revenues (¥ billion)	17.4	32.8	+ 88.4	8.3	+ 44.8
	Available Ton Km (million)	577	780	+ 35.1	193	+ 27.1
	Revenue Ton Km (million)	333	492	+ 47.8	114	+ 24.7
	Revenue Ton (thousand tons)	173	289	+ 67.1	66	+ 16.2
	Load Factor (%)	57.7	63.1	+ 5.4pts	58.9	- 1.1pts
	Unit Revenue (¥/ATK)	30.2	42.1	+ 39.5	42.8	+ 14.0
	Unit Price (¥/kg)	101	113	+ 12.8	125	+ 24.6



- ◎ Finally, this is the status of our international cargo operations.
- ◎ Please look at the graph on the left.
- ◎ Roughly one-and-a-half years have passed since we began operations at the Okinawa Cargo Hub, and revenue has remained stable since early fiscal 2010.
- ◎ The number of corporate contracts is increasing, and we are strengthening marketing both domestically and abroad. As a result, the ratio of express cargo handled continues to rise, and the profitability of operations is improving.
- ◎ The chart on the right shows an analysis of cumulative international cargo revenue growth as a whole for fiscal 2010.
- ◎ Yen appreciation as a unit price factor placed pressure on revenues, causing them to fall somewhat further; nevertheless, increased unit prices from raised fares and fuel surcharges had a positive effect.
- ◎ As for cargo volume factors, although the effects of demand ceased to buoy revenues during the fourth quarter, the effects of ATK increases continued contributing to increased revenues.
- ◎ This concludes our detailed presentation on the financial results for fiscal 2010 and the explanation of trends in operations.
- ◎ Thank you for your time and attention.

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### III. Supplemental Reference



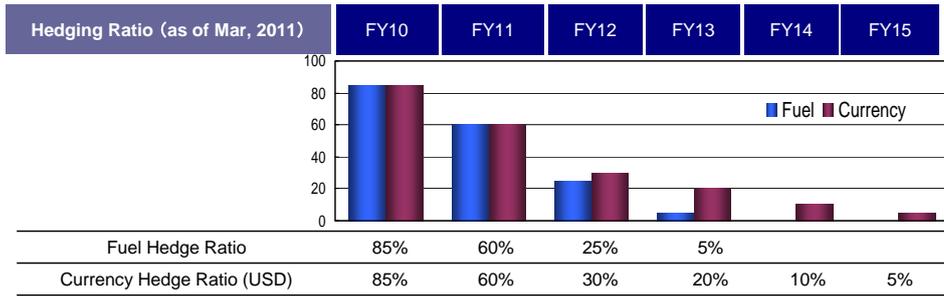
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## Fuel Price and Exchange Rate

### Fuel Price and Exchange Rate

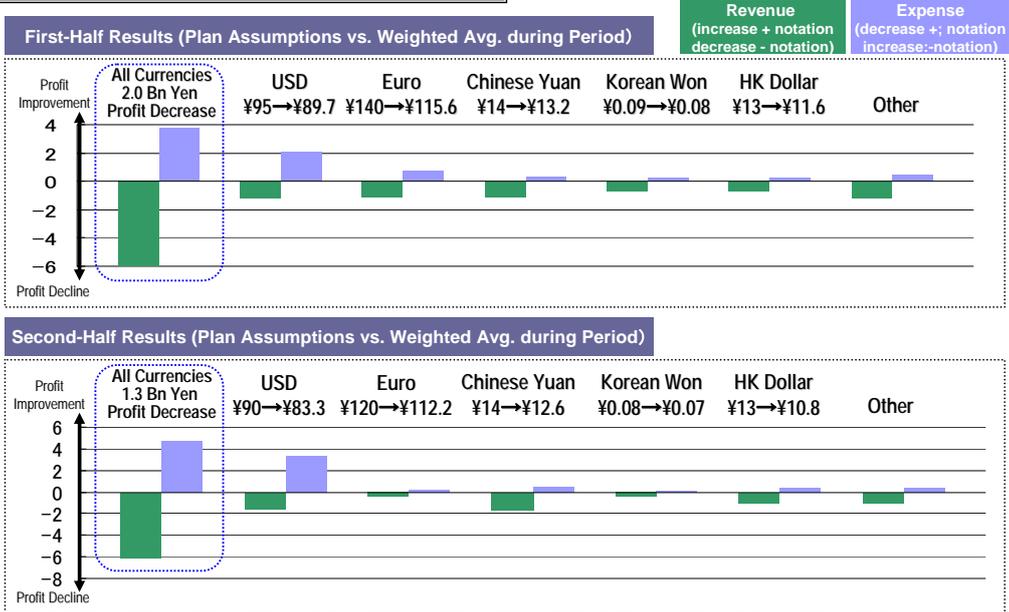
Market Index and Assumptions	FY10	
	1H	2H
Dubai Crude Oil (USD/BBL)	76	93
Kerosene (USD/BBL)	88	110
Exchange Rate (JPY/USD)	89	82

Non hedged impact of oil price and currency fluctuations on fuel expense	
1 USD change per barrel	2.0 billion / year
1 JPY change per USD	2.0 billion / year



## Fuel Price and Exchange Rate

### Major Exchange Rate Effects on Op. Income (operating income (loss) /including hedge effects; units: billion yen)



**International Passenger Results by Destination**

		FY10 Composition	Difference	4Q Composition	Difference
Revenue	North America	27.4	- 2.0	26.2	- 1.3
	Europe	20.8	- 1.2	17.8	- 1.5
	China	27.3	+ 1.4	25.8	- 2.3
	Asia	20.6	+ 0.9	25.3	+ 3.0
	Resort	3.9	+ 0.9	4.9	+ 2.0
ASK	North America	30.2	- 1.5	30.2	- 1.3
	Europe	22.0	+ 1.1	20.6	+ 0.2
	China	20.3	- 2.6	17.8	- 5.5
	Asia	22.1	+ 1.8	25.5	+ 4.8
	Resort	5.4	+ 1.1	5.9	+ 1.9
RPK	North America	30.7	- 1.7	30.5	- 0.7
	Europe	22.5	- 0.4	20.4	- 1.3
	China	18.3	- 1.2	15.6	- 5.2
	Asia	22.5	+ 1.6	26.7	+ 4.7
	Resort	6.0	+ 1.6	6.8	+ 2.5

**International Cargo Results by Destination**

		FY10 Composition	Difference	4Q Composition	Difference
Revenue	North America	21.8	- 1.7	20.7	- 2.3
	Europe	16.5	+ 0.7	16.8	+ 1.0
	China	37.6	+ 0.8	36.7	- 0.1
	Asia	18.5	+ 1.1	20.9	+ 3.7
	Others	5.6	- 0.9	4.8	- 2.3
ATK	North America	33.0	- 3.7	32.9	- 3.1
	Europe	21.3	+ 3.0	21.9	+ 3.1
	China	21.5	+ 0.6	20.6	+ 0.2
	Asia	18.5	+ 0.9	19.9	+ 2.5
	Others	5.6	- 0.7	4.6	- 2.7
RTK	North America	34.5	- 3.3	34.9	- 2.7
	Europe	25.1	+ 2.5	25.8	+ 3.2
	China	18.6	+ 0.5	17.3	- 0.1
	Asia	16.2	+ 0.6	17.3	+ 1.9
	Others	5.7	- 0.3	4.7	- 2.3

**Aircraft in Service**

		Mar,2010	Mar,2011	Difference	Owned	Leased
Wide-Body	Boeing 747-400 (International)	3	1	Δ 2	0	1
	Boeing 747-400 (Domestic)	10	10	-	10	0
	Boeing 777-300ER	14	19	+ 5	16	3
	Boeing 777-300	7	7	-	7	0
	Boeing 777-200ER	7	7	-	4	3
	Boeing 777-200	16	16	-	14	2
Mid-Body	Boeing 767-300ER	19	22	+ 3	7	15
	Boeing 767-300	32	32	-	32	0
	Boeing 767-300F	4	3	Δ 1	0	3
	Boeing 767-300BCF	5	7	+ 2	7	0
Narrow-Body	Airbus A320-200 (International)	5	5	-	0	5
	Airbus A320-200 (Domestic)	24	23	Δ 1	15	8
	Boeing 737-800	8	15	+ 7	14	1
	Boeing 737-700ER	2	2	-	2	0
	Boeing 737-700	16	16	-	12	4
	Boeing 737-500	19	17	Δ 2	9	8
Regional	Bombardier DHC-8-400 (Q400)	14	15	+ 1	2	13
	Bombardier DHC-8-300 (Q300)	5	5	-	1	4
<b>Total</b>		<b>210</b>	<b>222</b>	<b>+ 12</b>	<b>152</b>	<b>70</b>

Note: As of Mar 31, 2011, excluding leased aircraft outside Group (11 as of end of FY10, 9 as of end of prior fiscal year)

## ANA Group Corporate Philosophy

### 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

### ANA Group Safety Principles

- ✓ Safety is our promise to the public and is the foundation of our business.
- ✓ Safety is assured by an integrated management system and mutual respect.
- ✓ Safety is enhanced through individual performance and dedication

### ANA Group Corporate Vision

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

▶▶ Being the leader in Asia means that we will become

- Number one in quality
- Number one in customer satisfaction
- Number one in value creation

### Cautionary Statement

**Forward-Looking Statements.** This material contains forward-looking statements based on ANA's current plans, estimates, strategies, assumptions and beliefs. These statements represent the judgments and hypotheses of the Company's management based on currently available information. Air transportation, the Company's core business, involves government-mandated costs that are beyond the Company's control, such as airport utilization fees and Fuel taxes. In additions, conditions in the markets served by the Company are subject to significant fluctuations.

It is possible that these conditions will change dramatically due to a number of factors, such as trends in the economic environment, fuel prices, technologies, demand, competition, foreign exchange rate fluctuations, and others. Due to these risks and uncertainties, it is possible that the Company's future performance will differ significantly from the contents of this material.

Accordingly, there is no assurance that the forward-looking statements in this material will prove to be accurate.

*Thank you.*

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