November 2010

All Nippon Airways Co.,Ltd.

Financial Results, Second Quarter, FY2010
Q&A Summary

Q-1

◆ As the number of slots expands at Haneda and Narita, what picture do you see medium and long term for ANA's international passenger business?

A-1

■ Under a dual-hub strategy in the Tokyo area, we expect to pick up demand for domestic and international connecting flights at Haneda. At Narita, we will be creating a global network mainly focused on passenger traffic in the growing market between North America and Asia.

■ Although competition is likely to intensify, we plan to coordinate size of aircraft and numbers of flights between Haneda and Narita to prevent any unbalanced situations in supply and demand. We can clearly see reservation trends at the Haneda International Airport where passengers fly in from domestic regional airports to connect to international flights. Conversely, there is demand for passengers arriving at Haneda on international flights connect to Sapporo or other domestic destinations, which is a traffic trend that we expected.

■ When Anti-Trust Immunity (ATI) are approved, we will be able to enter into joint ventures (JV) with our partner carriers. A key issue will be how to maximize the strengths of our alliance as the framework of our international passenger business changes. We will be able to utilize the United Airlines and Continental Airlines networks to connect catchment areas within the Americas to destinations in Japan and Asia. This will help improve the ability of the Star Alliance to compete on trans-Pacific routes. How we translate this into greater revenues for ANA is mainly an issue of how we utilize Narita. As we undertake the main role as our alliance's gateway to Asia through Narita, we will have room to expand routes into Asia going forward.

■ As we look to maximize revenues for all partner carriers as a whole through joint ventures, we will be pooling the revenues of the companies. We expect there to be tough negotiating regarding revenue sharing rules, but we also expect future benefits in terms of cost savings. For example, we should be able to make more efficient use of partners' sales organizations both in Japanese domestic and U.S. domestic markets. This trend is already a fact for JVs in trans-Atlantic routes, and we have our sights on similar JVs for trans-Pacific routes.

■ In addition to LCC development, the issue of how to create an efficient, flexible cost structure at ANA is a major part of our medium- and long-term international passenger business strategy, an extension of our present cost restructuring initiatives.

Q-2

◆ Will you continue with high levels of capital expenditures as ANA grows its international passenger operations?

◆ What are the possibilities of equity financing to procure funds for capital investment?

A-2

■ Over the past several years, we have continued a high level of capital expenditures, introducing new aircraft and building out systems in response to the expansion of slots in the Tokyo area airports. This has resulted in negative free cash flows at ANA. Beginning this year and moving into the next, we will see peak in investment levels, which we will subsequently reduce. At that point, you will see positive free cash flows at ANA.

■ Comparing global airline companies, we recognize that ANA's current profits, ROA, and ROE levels aren't as such that will attract the world's investors. We believe that it is important for ANA to become an attractive investment target as quickly as possible.

Q-3

◆ What is your outlook for yield and for picking up future inbound demand from overseas as international operations at Haneda kick into full gear?

A-3

■ Our intent is to establish proper control of supply and demand levels in Haneda and Narita, while working to improve yield at the same time. We have to approach yield management from a different angle, integrating domestic and international routes overall, rather than just for international segments. For example, how can we best manage whole yield and revenues from China to Sapporo?

■ Somewhere between 37% and 38% of our international passengers are non-Japanese. The low birthrate and aging population in Japan means a slowing rate of growth for domestic demand. We need to focus on overseas activity as the driving force for future demand and revenue growth.

■ We see the ratio of Chinese passengers on Japan-China routes increasing to even higher levels. We also see passenger traffic between North America and Asia, mainly through Narita, increasing. This all means that the number of U.S. and Asian passengers we serve will increase in the future.

■ The ratio of non-Japanese passengers on domestic routes is extremely small at present. In the future, we want to engage more demand among non-Japanese for domestic and Asian routes as a whole.

Q-4

◆ You made the decision that you will limit your investment in the new LCC to less than 40%. To what degree do you expect the LCC to contribute to ANA Group profits in the long-term?

◆ What type of measures are you considering with respect to the invitation of LCCs by Narita International Airport Corporation and future participation of LCCs at Narita?

A-4

■ The LCC business is a segment of air travel that we can't approach under the ANA brand. The LCC will start out representing a means for creating a new air transportation network in East Asia including Japan.

■ We researched a large number of LCC businesses, and found many examples of an LCC failing when the parent company exercised too much control. We believe that owning less than 40% is in the best interest of the LCC. It will be free to introduce ideas never tried at ANA, and it will also be free to bring in capital from and tie up with overseas investors. Naturally, profit share and risk will be allocated according to ownership share. We believe that as the LCC creates new demand for air travel, we will be able to receive contributions of profits comparable to our investment.

■ Narita International Airport Corporation has stated that they will construct a special LCC terminal, but we have to consider whether Narita is an appropriate airport for LCC operations. One essential requirement of an airport that will serve as an LCC base is 24-hour operations. Most LCC models rely on frequent flights of a distance of four hours or less, which allows for higher aircraft utilization rates.

■ Kansai International Airport, the base for the LCC we are investing in, allows 24-hour operations, which will facilitate full utilization of the aircraft. Of course, it depends on the type of network the LCC develops at Narita, but I will be interested to see how Narita will deal with this requirement.

Q-5

◆ Your corporate strategy for fiscal 2010-2011, announced in March of this year, seems to be progressing according to plan. Please tell us about ANA's earnings forecast for the next fiscal year, as well as the outlook for your new medium-term corporate strategy.

A-5

■ As far as our current two-year plan, we haven't made any changes to our target of reaching operating income on the order of ¥100 billion. We do recognize that our approach to how we create our medium-term corporate strategy for fiscal 2011 and beyond will be a very important issue. Right now, we are working on this strategy, including our medium-term fleet plan.

Q-6

◆ Foreign exchange valuations have had a negative ¥2 billion effect on operating income during the first half of the fiscal year. Wasn't a stronger yen supposed to contribute to better profits for ANA?

A-6

■ More than reducing revenues denominated in US dollars, the yen's appreciation vis-à-vis the US dollar yields better profits by the effect of lowering dollar-denominated expenses. Among all of our dollar-denominated expenses, fuel expense is what most enjoys the benefit of a strong yen. We have reached a currency hedge ratio of 80% at present. The 20% of non-hedged fuel expense is still affected by a rising yen valuation.

■ Meanwhile, currencies other than the US dollar have a different effect on our profits. Changes in the strengths of these currencies negatively affect our revenues more than they positively affect our expenses. Under the yen appreciation at present, revenues in currencies other than the US dollar tend to make a negative impact on overall profits.

Q-7

◆ Please tell us more about current demand levels among domestic and international passengers, unit price, and the status of your major competitor in Japan.

A-7

■ Passenger numbers and unit prices in domestic operations trended well during October. These trends continue to do well for November.

■ Reservations for international routes at Haneda and Narita are also performing well. We did see a decline in package/leisure travel demand on Chinese routes, due to the Senkaku Islands incident. We did not notice any negative effects on business demand, however.

■ This year we established an advantage in our competitive position with respect to our major competitor in Japan. We project a 6% year-on-year decline in overall ASK for domestic airlines as a whole during the second half of the fiscal year. While our major competitor experienced a significant cut in ASK, we expect ANA to growth 3% year on year in terms of second-half ASK. We believe that we will be able to pick up the most demand possible, increasing our share of the market.

Q-8

◆ What is the status of first-half cost reductions?

◆ It appears that ANA has made an upward adjustment of second-half expenses versus your initial forecast. Can you provide more details?

A-8

■ Operating expenses for the air transportation business during the first half of the fiscal year decreased approximately by ¥8 billion in aircraft maintenance expenses, about by ¥3 billion in aircraft leasing fees, and about by ¥6 billon in other expenses, which reflects our attempts to hold down advertisement and other expenses. Meanwhile, sales commission expenses linked to revenue growth increased. The net result was that operating expenses came in at about ¥15 billion below our plan.

■ The drop in aircraft maintenance expenses was mainly due to the fact that we had already conducted some of the engine maintenance by the end of the last fiscal year, as well as that we had fewer maintenance issues especially on engines thanks to the "new engine exchange program," introduced in fiscal 2007, which helped to improve engine reliability. Thus, we could reduce engine-related maintenance expenses to levels even lower than planned. Aircraft leasing fees were lower primarily because block space expenses from our partner carriers for domestic code sharing flights was lower than plan.

■ Cost reductions during the first half of the fiscal year were in excess of the measures reflected in our initial plan. However, we expect an increase in operating expenses of ¥6 billion compared to initial plan for the second half of the fiscal year. Certain aircraft maintenance expenses have been shifted from the first half to the second half. At the same time, fuel expense is expected to be about ¥2 billion higher due to increased consumption associated with aircraft upsizing. For this same reason, we project an increase of ¥1 billion in landing and navigation fees.

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