April 2014

FY2013 (ended March, 2014) Financial Results Q&A Summary

Q-1

◆ What is the current forecast for demand trends and unit price about international passenger operations?

A-1

■ The plan for international passenger operations in the first quarter was ASK+25% (year-on-year) and RPK+20% (year-on-year) for all destinations. However, the latest forecast for RPK, exceeding the planning level, is around +22-23% (year-on-year). The RPK forecast by destination is for North American, China and Asian routes to exceed the plan off the start. On the other hand, the forecast for European routes is slightly below the plan, but is not far off. Business demand on the Narita - Dusseldorf route commenced for service at the end of March is very strong. The average L/F forecast for all destinations is just under 70% on average, exceeding the assumption plan of 68%. We expect that demand will grow further ahead of the second quarter, the high demand season, with penetration of the Haneda international passenger network.

■ As for unit price, the plan for the first quarter was +2.5% (year-on-year) for all destinations, and the latest forecast is in line with the plan. The improvement of demand momentum since third quarter of last fiscal year made it possible to implement yield management. We have ascertained this situation has continued into this fiscal year.

■ The plan for the second half is for unit prices to decline year-on-year basis. In the first half, the current trend is expected to continue through the second quarter, but in the second half, the rise in unit prices by yield management is expected to come to an end. On the other hand, the plan is for the rate of increase in passengers to go higher in the second half than in the first (+13.4% for the first half and +16.1% for the second half). Therefore, the plan for second half unit prices and yield is set at a conservative level.

Q-2

◆ It appears that demand for international passenger operations is trending favorably. What are the factors behind passenger demand keeping up as ASK expands, including other airlines?

A-2

■ Demand for international passenger operations has started off strong, and the first reason for that is the convenience of Haneda Airport. Haneda is closer to downtown than Narita, so business demand is trending favorably. For example, we are the only Japanese carrier operating routes between Haneda - Hanoi, Haneda - Jakarta, etc., so that passengers who used to fly from/to Narita previously are likely shifting to our Haneda flights.

■ Next, transit passengers to international flights from various cities in Japan via Haneda are increasing as a result of increased connection demand of the ANA Group domestic network. Additionally, we believe that some demand for European destinations from domestic cities that used to go via South Korea is also shifting to Haneda.

- We also perceive that flight schedules based on the advantages of Haneda and Narita has been very effective. We have shifted some morning flights to Haneda that were previously from/to Narita. However, in Narita, connection demand between Asia and North America in the afternoon to evening hours remains strong. Our plan is to develop the international passenger network capitalizing on both airports. Looking at the current result and forecast, we can say that expansion of international passenger operations is off to a favorable start. In the future, we will review the current results from various angles and further increase the growth potential at both airports by enhancing of joint ventures scheme.

Q-3

- As far as revenues from domestic and international passenger operations for this fiscal year, what does the increase from last fiscal year (domestic passenger operations increased 16.8 billion yen, international passenger operation increased 58.1 billion yen)look like when you break it down into unit price and passenger factors?

A-3

- In domestic passenger operations, we see a 15 billion yen increase coming from unit price factors and a 1.5 billion yen increase coming from passenger factors. In regards to unit price factors, we expect effects from yield management, including the increase in normal and promotional fares. As for passenger factors, we expect demand growth from the increased number of flights by allocating additional slot on Haneda-Tottori and Haneda-Iwami routes. Also, the decrease in demand resulting from domestic LCC cannibalization and aircraft upsizing by our competitor has also been factored in.
- In the international passenger operations, we see a 58 billion yen increase coming from passenger factors. As far as unit price factors, when the revenue increase from the first half is averaged with revenue decrease from the second half, they are going to be offset for the year as a whole. The increase in ASK and demand stimulation have been factored into the plan about passenger factors, primarily with regards to transit demand to domestic flights. In the second half, we expect demand on the Bangkok route, which decreased in the forth quarter of the last fiscal year due to anti-government demonstrations, to return to normal levels.

Q-4

- With respect to the cost restructuring initiatives, the plan for this fiscal is for 34 billion yen in reductions. What are the differences compared to last fiscal year?

A-3

- Our cost restructuring initiatives last fiscal year were carried out under extraordinary circumstances as it was the first year of our transition to a holding company structure, so the reductions were slightly shorter compared to the initial plan. This fiscal year, we have made the certain tasks and responsibilities of each group companies and department, and we consider achievement of the plan to reduce costs by 34 billion yen is our mandatory mission.
- In the medium-term corporate strategy of February, we announced measures to make an additional 50 billion yen in reductions between FY2015 and 2016. The goal will be to achieve a total of 84 billion yen in reductions over three years from FY2014, and we will work on reforming our operational processes.

End