

Creating a New ANA Group

For the two-year period from April 2002 through March 2004, we have formulated the ANA Group Corporate Strategy Plan. Our implementation of reforms will be guided by our Group Corporate Reform Plan, which is based on the Group Corporate Strategy Plan.

ANA Group Corporate Philosophy

Our Commitment

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

Course of Action

- Maintain top priority on safety
- Be customer oriented
- Contribute to society
- Embrace new challenges
- Debate with active interest, decide with confidence, and execute with conviction
- Build a powerful ANA Group by effectively using human resources and focusing on teamwork as a competitive strength

ANA Group Corporate Vision

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

Being the leader in Asia means that we will become

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

To achieve this vision, we will adhere to the management principle that “a focus on profits equals value creation” and a strategy based on a “consistent, continued focus on the customer and on thoroughly differentiating our products and services.” The system we will use to execute this strategy will emphasize a “focus on speed” and “encouraging and rewarding individual initiative.”



Overview of Reform Plan

Product Development Strategy

As a Group, we will aggressively work to offer a unified ANA brand based on the concept of always anticipating and meeting the needs of business customers, our main target, and enabling them to experience “ANA Style” in a variety of settings.

Operational Strategy

The standard for implementing our operational strategy will be a focus on profitability, differentiation, and value creation for the ANA brand. We will build domestic and international networks that optimally allocate Group resources, with domestic routes centered on Haneda Airport and international routes on Narita Airport, thereby strengthening the competitiveness of the ANA Group as a whole. In addition, we will pursue strategic alliances with other companies to contribute to the development of “ANA Style.”

Measures to Reduce Fixed Cost Ratio and Administrative Reforms

To improve the cost-competitiveness of the Group as a whole, we will reduce the fixed cost ratio by converting fixed costs to variable costs, especially labor expenses, and will implement administrative reforms in every department. We will also emphasize variable compensation in accordance with corporate performance and customer satisfaction, ways to achieve flexibility in providing seats in line with periods of strong and weak demand, and the pursuit of organizational and procedural efficiency as a result of administrative reforms taken throughout the Group. These measures will help us to build a flexible cost structure.



Model for Reorganizing Group Airlines

In the Group airlines business model, fundamental factors for the ability to compete successfully include (1) decisive management, (2) the establishment of a unified Group brand, (3) the initiative of Group employees, and (4) a flexible cost structure. We must reorganize our operations to achieve an optimal business model that meets these conditions, and in response to the JAL–JAS merger we will complete this reorganization by March 2004.

Basic Concept of Management Executive and Control Systems

We will reassess our management executive and control systems with an emphasis on speed, customer orientation, and efficiency. As we make the transition to a managing holding company structure, we will reinforce our strategy implementation system.

Key Challenges

We will take steps to strengthen our financial position. As we implement the Group Corporate Strategy Plan over the next two years, we will aim to accelerate improvement in profitability. By making the most of our strategies, we will achieve “selection and concentration” in investment and the optimal use of existing resources, thereby progressing toward our goal of achieving a more stable financial position from the fiscal year ending March 2004. In addition, in order to bring greater focus and efficiency to the sales capabilities of the Group, we will integrate Group sales functions and domestic and international wholesale functions in ANA Sales Holdings Co., Ltd., by April 2003.